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## NEWS SUMMARY

**GENERAL** UK in boat people initiative

The Prime Minister has sent a further message to Dr. Kurt Waldheim, UN Secretary-General, calling for an international conference to resolve the increasingly desperate plight of the Vietnamese "boat people".

Foreign Secretary Lord Carrington is to visit Hong Kong and Malaysia for talks on the boat people at the end of the Tokyo Economic Summit next week.

The Commons was told that Mrs. Thatcher had also sent a message to the Malaysian Premier, Datuk Hussein Onn, who said yesterday that measures to prevent a further influx of boat people did not include shooting them. Page 6; Parliament, Page 12

**BUSINESS** Equities up 4.4; Nickel price falls

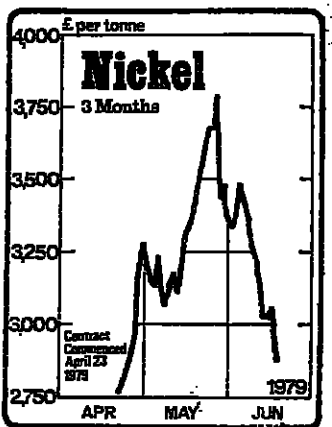
**EQUITIES** improved although there was little genuine investment demand, and the FT Ordinary share index closed 4.4 up at 482.9. Renewed U.S. and Continental buying pushed the Gold Mines index up 7.2 to 186.2.

**GILTS** rallied in light trading and the Government Securities Index rose 0.26 to 70.50.

**STERLING** fell 3 points to close at \$2.1062, and its trade-weighted index improved to 68.3 (68.2). Dollar was unchanged at 86.4.

**GOLD** fell \$2 an ounce to close at \$278 1/2 in London and in New York the Comex June settlement price was \$278.10 (\$279.80).

**NICKEL** fell with three-month nickel down £180 to close at £2,870 a tonne as Le Nickel



**Scott a crook says judge**

Former male model Norman Scott was a crook, said Mr. Justice Cantley, summing up at the Jeremy Thorpe trial at the Old Bailey. "He is a fraud. He is a sponger. He is a whiner. He is a parasite. But, of course, he could still be telling the truth. It is a question of belief."

Thorpe, former Liberal leader, and three other men have pleaded not guilty to conspiring to murder Scott.

**Shadow posts**

The Opposition's senior front bench appointments were completed with the announcement of five shadow spokesmen—Neil Kinnock (education and science), Bruce Millan (Scotland), Dame Judith Hart (overseas aid), Alec Jones (Wales) and Brynnon John (Northern Ireland). Page 12

**Khomeini plan**

Ayatollah Khomeini is pressing ahead with the draft constitution for Iran drawn up by his aides despite the considerable criticism the proposals have drawn from minority leaders and Tehran intellectuals. Page 6

**Corfu drownings**

A 52-year-old Welwyn woman and her three-year-old granddaughter drowned when their pedal boat capsized off Corfu. The child's mother, Susan Sherman, aged 22, who was rescued, was on holiday to recover from the death of her husband, father and sister in the past six months.

**Unity agreement**

Syrian and Iraqi leaders appeared to have reached general agreement on uniting the two countries after three days of talks in Baghdad. Page 6

**Troops in Beirut**

Lebanese regular troops took up positions in two suburbs of Beirut which have been closed to them for four years. More than 1,000 troops were involved in the operation, carried out with help from Syrian troops of the Arab deterrent force. Page 6

**Over the wall**

In a classic jailbreak, cellmates David Walker and Frank Melling escaped from Walton Jail, Liverpool by sawing through their bars with a hacksaw and using a rope made from sheets and an improvised grappling hook to reach the yard and to scale the outside wall. Both men are from the Midlands.

**Briefly**

Sir Peter Venables, one of the creators of the Open University, died at his home in Birmingham aged 74.

Henry Moore, 80-year-old sculptor, is to give works worth £2m to the city of Leeds where he was at art college.

# Arms limit treaty signed 'to defend the right to live'

BY JUREK MARTIN, PAUL LENDVAI AND DAVID SATTER, IN VIENNA



SEALED WITH A KISS: Mr. Brezhnev and Mr. Carter after the signing.

PRESIDENT Leonid Brezhnev and President Jimmy Carter yesterday formally signed the second Soviet-American strategic arms limitation agreement in the historic Hofburg Palace in Vienna, cementing their pact with a Russian bear hug and kiss.

Both heads of state, in their brief speeches, portrayed the SALT II treaty as a step in the direction of greater control over nuclear weapons.

Mr. Brezhnev, speaking gruffly but clearly, said that, in signing the treaty, "We are helping to defend the most sacred right of every man—the right to live."

Mr. Carter, with an eye on the critical forthcoming debate over ratification of SALT II in the U.S. Senate, said that he would never do anything to violate his responsibility for American security. But he added: "Here today, as we set very careful limits on our power, we draw boundaries around our fears of one another. As we begin to control our fears, we can better ensure our future."

It was the Soviet President who appeared to initiate the embrace of his American counterpart, a spontaneous gesture and certainly the first of its kind in public from him

during the four-day summit.

Again, Mr. Brezhnev sometimes looked tired and confused during the formal ceremonies, and was obliged to summon an aide for a whispered translation of Mr. Carter's speech, presumably because he could not make out the official version blaring over the loudspeaker.

The rather bland communiqué issued after the two leaders had left Vienna for home, and subse-

quent briefings by U.S. officials, seemed to indicate that the summit had, as planned, been devoid of surprise—though, it was emphasised here, no less valuable because of that.

While the two leaders did manage to put the seal on the SALT agreement, there was no suggestion that other political

amendments may, however, be put down to the precise wording of the Government's motion, which would still vest considerable powers in the party whips.

The Government has basically accepted all the procedure committee's main recommendations, but disagrees about the powers of the new committees to demand evidence.

The procedure committee wanted the new permanent watchdogs to have the power to compel Ministers to appear before them. The Government has taken the view that such compulsory powers would be going too far and that by co-operating with the new committees it will be able to set a precedent which will make it difficult for subsequent administrations to withhold information. Some backbenchers are likely to be disappointed with this aspect of the Government motion.

They have agreed that, in today's volatile market a conventional issue close to the market price could have resulted in a low level of subscriptions and a sizeable lump of shares left with the underwriters.

The alternative was to offer a bargain basement price to shareholders "who were, after all, the owners of the company."

Mr. Joll denied that there was any excess demand on the

would be the case in practice depends largely on the attitude of both Ministers and MPs, who in the past have tended to regard jobs on sale committees as far less tempting than even the most junior of front bench jobs.

Pressure for reform has been growing in Westminster for some time. It came to a head last summer when the procedures committee, which included MPs like Mr. Enoch Powell who had previously resisted the idea of such fundamental changes, produced a report recommending a complete overhaul of the existing system of backbench scrutiny.

Mr. Michael Foot, former Leader of the House, was hostile to some of the proposed changes, so it has been left to the Tories to take them up.

They have agreed that, in today's volatile market a conventional issue close to the market price could have resulted in a low level of subscriptions and a sizeable lump of shares left with the underwriters.

The alternative was to offer a bargain basement price to shareholders "who were, after all, the owners of the company."

Mr. Joll denied that there was any excess demand on the

underwriting capacity of the City, "either in real or nominal terms." Hanson had been under no pressure to "go it alone."

Yesterday's announcement of the rights issue coincided with interim profit figures for the six months to March of £12.8m (£11.5m) pre-tax.

The interim dividend is to be raised by 10 per cent to 3.275p net but shareholders who take up their rights are promised a 50 per cent increase in the full dividend for the current year compared with last.

The rights issue is clearly being made with a view to further acquisitions. According to Mr. Taylor the group had no material cash resources but it needed the "capacity to make acquisitions" without cutting the internal development programme.

Lex Back Page Results Page 20

## Major reforms proposed for Commons committees

BY ELINOR GOODMAN, LOBBY STAFF

SWEEPING proposals to reform Parliamentary select committees by transforming them into permanent watchdogs over Whitehall and the Executive within their own full-time staff were published yesterday by the Government.

The proposals were welcomed last night by backbench MPs on both sides of the House and seem likely to be approved in some form when they are debated on Monday. This would mean that the existing line-up of select committees dealing with particular subjects, such as expenditure, would be replaced by the subcommittee system of backbench scrutiny.

## European DC-10s may fly today

By John Wick in Zurich and Lynton McLain in London

THE REVISED maintenance plans which may lead to a resumption of DC-10 flights in Europe were agreed yesterday in Zurich by Europe's main civil aviation authorities. Some flights could start again today.

Representatives of the authorities said after the meeting of the European Civil Aviation Conference: "There is no reason why European DC-10 aircraft should stay grounded."

The officials intend to advise their governments and national airworthiness Boards that new airworthiness certificates be issued.

Last night the Swiss Federal Air Office rescinded, with immediate effect, its grounding order on DC-10s registered in Switzerland.

But the U.S. Federal Aviation Authority, which grounded the aircraft nearly two weeks ago, said its position was unchanged. Mr. Quentin Taylor, deputy administrator of the FAA, said in Zurich: "We will continue with our own investigations until we have enough evidence to make our own decisions on the matter."

European airlines, however, were optimistic last night that DC-10 flights would resume this week.

British Caledonian Airways also welcomed the move by the Zurich conference. "We plan to resume DC-10 services as soon as possible after the UK Civil Aviation Authority gives the go-ahead."

The maintenance review board of the conference agreed to the revised "comprehensive inspection and maintenance programme for European DC-10s" after proposals were drafted by Swissair, Alitalia and British Caledonian Airways.

This provided the acceptable technical base for the restoration of the airworthiness certificates, the board said.

Before flights of European registered DC-10s can resume, the national civil aviation authorities have to approve the changes in the maintenance procedures and this could take up to a week in some cases.

The Civil Aviation Authority said it would await the return of its officials before making a statement. The authority has a duty then to consult the Airworthiness Requirements Board which has the power to veto a relaxation.

If the board accepts a recommendation from the C.A.A. that airworthiness certificates should be restored, the move would apply to all UK registered DC-10s.

## Saudis 'to raise output'

Saudi Arabia may raise its oil output temporarily by 100,000 barrels a day from July 1, reports the Middle East Economic Survey. But Iran's output is said to have fallen below its normal level by a

# Check on oil deals sought

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN LUXEMBOURG

THE EEC plans to propose at next week's western economic summit in Tokyo that oil companies be required to register officially all their international transactions, in an attempt to curb the growth of speculative trading. The scheme would cover not only the spot market, but also crude deliveries between oil companies within the EEC and with third countries.

The proposal was agreed upon in outline by EEC energy ministers here yesterday. It is expected to be formalised by leaders of Common Market governments at their meeting in Strasbourg at the end of this week.

But both Britain and Germany are insisting that to be effective the plan must be put into effect on a world-wide basis. They have said that they will give their final approval only if the U.S. and Japan agree in Tokyo to associate themselves with it.

There was little support among ministers yesterday for French proposals to set firm limits on the EEC's global imports of crude and to prohibit imports of oil purchased on the spot market at excessively high prices.

But President Giscard d'Estaing is expected to continue to press at the Strasbourg meeting for agreement on a broader programme of energy measures which the EEC could present to its major partners in Tokyo next week.

A number of other governments believe that the French proposals, which limit imports of heavy oil, would lead to the diversion of heavy oil from the EEC to other parts of the world. They argue that consumption should be cut by reducing demand, not supply.

Germany, represented by Count Otto von Frenckel, its Economic Minister, is particularly sceptical in suggestions that curbs be placed on the spot market because of supplies about a third of Germany's total oil needs.

France has proposed such restrictions in an attempt to answer arguments by the oil exporting countries that the high prices which their crude is fetching on the spot market justify the imposition of special premiums on their exports.

But other EEC countries contend that these prices are not representative of the oil market as a whole. Their claim is borne out by new information from the European Commission, published yesterday.

This shows that the prices paid by consumers in the EEC have risen by 22 per cent since the end of last year. If the increase had been in line with the rise in spot market prices over the same period, it would have been 88 per cent.

Final details of the planned EEC monitoring system have yet to be worked out. But it is expected to require oil companies to register with governments all transactions over a certain size, giving data about quantities and prices. It has not yet been decided whether the information will be made public.

Governments would also seek to dissuade oil companies from making spot purchases or sales at prices substantially above those charged officially by producer countries.

## North Sea

Mr. David Howell, Britain's Energy Secretary, said that the ministers had made definite progress towards greater solidarity in their approach to the Tokyo summit and were in a better position to embark on a dialogue with producer countries, if this were to materialise.

But he appeared unenthusiastic about suggestions that the UK should offer its EEC partners assurances of access to North Sea oil. There has been speculation that Britain may be faced with such requests at the Strasbourg summit later this week.

EEC Finance Ministers yesterday agreed to throw squarely into the lap of the heads of Government the thorny problem of British and Italian demands for a fairer distribution of the EEC's economic resources.

£ in New York

	June 18	Previous
Spot	\$8.1000-2010	\$8.1100-1110
1 month	0.60-0.65 dis	0.65-0.60 dis
3 months	0.55-0.60 dis	0.60-0.55 dis
12 months	0.50-0.55 dis	0.55-0.50 dis

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Treas. 12pc 1983 A 97 1/2	MFI Furniture
Berford (S. & W.) 200 + 10	Siemens, Hunter
British Land	Trust House Forte
Brown (J.)	Anglo United Devs.
Brown & Jackson	Blyvoor
Carriers	Durban Deep
ERE	Kloof
Fisons	Libanon
Furness Withy	Northgate Expl.
GEC	OC Investments
Glaxo	Vaal Reefs
Hambros	Westfield Minerals
Hangar Inv.	
Heron Motor	Bertan Cons.
Highland Elect	BNR River
House of Fraser	Petaling

## CONTENTS

Living standards: Britain's changing pattern of poverty	18	Ureco: the Almdio plant	3
Nigeria: moving a step near the crossroads to democracy	19	Editorial comment: Ghana; the summit in Vienna	18
Management: the serious business of strategic management	15	Lombard: where Britain lags behind, by A. Kaletsky	16
American News	4	Survey: Finland	Inset
Appointments	11	Parliament	12
Business Ops.	23	World Trade News	26
Arts	17	World Value	27
Beas Rates	30	Stock Markets:	
Business Ops.	23	London	22
Compendium	31	Wall Street	22
Companies - UK	20-22	Bourses	22
Commodities	13	Technical	22
Crossword	16	Today's Events	19
Entertain, Guide	18	Top Radio	16
Foreign & Exchange	27	UK News:	
General News	6	General	8, 10
Overseas News	2-3	Labour	11
		Unit Trusts	22

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EUROPEAN NEWS

TURKISH PREMIER FACES 'NO CONFIDENCE' VOTE

Ecevit in danger of overthrow

BY METIN MUNIR IN ANKARA

MR. BULENT ECEVIT, Turkey's Social Democratic Prime Minister, appears to have lost his majority in the ruling National Assembly.

of about £200m. Disbursement of both depends on Turkey reaching an agreement with the IMF.

According to his calculation, the Government was down to 220 votes and the right-wing opposition had 223, with one member undecided.

The right-wing leader has tabled a censure motion against Mr. Tunney Mataraci, Minister of Customs and Monopolies, for alleged misuse of authority.



Prime Minister Bulent Ecevit

Israeli settlements policy criticised by EEC ministers

BY ROBERT MAUTHNER IN PARIS

THE Foreign Ministers of the nine EEC countries yesterday issued a declaration strongly critical of Israel's policy on the Palestinian question and on Jewish settlements on the West Bank of the Jordan.

They also emphasised that a just and lasting peace must take account of the legitimate rights of the Palestinians, including their right to a homeland.

Soviet bid to step up output of fast reactor

By Leslie Collett in Berlin

A TOP Soviet science official says his country is developing a design of fast-breeder nuclear reactor, with a "doubling time" of under six years.

France presses demands for 2-3% farm price rise

BY MARGARET VAN HATTEN IN LUXEMBOURG

FRANCE PRESSED demands for a 2-3 per cent increase on all EEC farm products as Community Farm Ministers began talks in Luxembourg yesterday.

This year's price review concerns the Community's dairy surplus. The Commission has proposed a tax of about 5 per cent on milk incomes in an attempt to curb production.

Dutch workers protest against public spending cuts

BY OUR AMSTERDAM CORRESPONDENT

THOUSANDS OF workers throughout Dutch industry are expected to down tools today to take part in a nationwide protest against Government plans for public spending cuts.

for public authority workers, has said time taken off work will be deducted from holiday entitlement.

The unions and the Left-wing political parties have criticised the measures as hitting the weakest members of society the hardest.

The unions also want to limit price compensation for high wage earners, but object to the way the Government's proposals will break central wage agreements already negotiated.

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Luxembourg awaits PM

M. PIERRE WERNER, leader of Luxembourg's Social Christian Party, which emerged as the strongest in the country's June 10 general election, is expected to be named Prime Minister-designate today, writes our Luxembourg correspondent.

Danish tax package ready

BY HILARY BARNES IN COPENHAGEN

AFTER MORE than a week of negotiations the Social Democratic-Liberal coalition appeared to be close to agreement yesterday on economic stabilisation measures.

and a reduction of about Kr 2bn in projected Government expenditure. The Kr 10bn package is equal to about 3 per cent of 1978 gross domestic product.

W. German spies jailed

BY JONATHAN CARR IN BONN

ONE OF the most serious espionage cases in NATO history—an affair which forced the resignation last year of Herr Georg Leber, the West German Defence Minister—has ended in heavy sentences by a Duesseldorf court.

Lutze, aged 38, and his wife, Renate, aged 39, of treason, and sentenced them to 12 years' and six years' imprisonment respectively.

Honecker, Nkomo in aid talks

BY OUR BERLIN CORRESPONDENT

MR. JOSHUA NKOMO, co-president of the Patriotic Front guerrillas fighting against the Muzorewa Government in Zimbabwe Rhodesia, is in East Germany for talks on increased aid, including military supplies.

Nkomo thanked the country's "workers and soldiers" for their "ties of solidarity" before going on to a meeting with Herr Honecker. The two men last conferred in February during a visit by the East German leader to the front-line states.

border with South Africa has led to speculation that the East Germans may become more active on that front as well.

Advertisement for Beverly Wilshire Hotel, featuring a building illustration and text: "For those who appreciate the difference. In Los Angeles a grand-luxe hotel that provides superior service and facilities for the discriminating international traveller."

Handwritten Arabic text at the bottom of the page.



# Swiss prices up but inflation level still low

By JOHN WICKS IN ZURICH

ALTHOUGH THE Swiss cost of living has been accelerating since last autumn, the country is still not faced with an inflation problem. This is claimed in the latest quarterly report of Switzerland's Commission for Economic Studies, which indicates that retail and wholesale prices will initially continue to rise rather faster but should slow down again towards the end of the year.

Last month, the national inflation rate was the highest for over three years—but still was only 2.8 per cent annually.

The higher inflation rates, says the Commission, are not a result of the rapid increase in money supply in recent months but rather of the comparison with the very low 1978 percentages. These in turn were brought about by the appreciation of the exchange rate and the consequent drop in Swiss franc import prices. The Commission points to the marked improvement of business for most sectors of the economy due to the weakening of the exchange rate.

Government figures show that unemployment dropped by 5.3 per cent last month, to 10,557—or 0.4 per cent of the total workforce—but was still 12.7 per cent higher than a year earlier. There were 8 per cent more situations vacant offered by labour exchanges than in May, 1978, however.

At the same time, exports were up by 8.3 per cent and imports by 13.8 per cent last month in an annual comparison. Import prices were down by an average of 15.5 per cent, while actual import volume was up 34.8 per cent. With a 2.3 per cent increase in the average export value, the real increase in exports was only 5.6 per cent.

In the first five months of 1979, the Swiss trade gap totalled SwFr 1,490m (£416m), or over double the SwFr 714m booked for the similar period last year.

# Mitterrand faces new leadership challenge

By David White in Paris

THE FRENCH Socialist Party's lower than expected score in the European election has provided the pretext for a fresh and sharpened internal conflict. The latest row between M. Francois Mitterrand and his two powerful opponents in the party, M. Michel Rocard and M. Pierre Mauroy, is seen as the launching of an open succession battle for the leadership and for the Socialist's presidential nomination in 1981.

The conflict has been smouldering since M. Mitterrand's setback at the party congress in Metz in April, when he received the backing of only 47 per cent for his policy resolution.

Things flared up at the weekend, when the management committee met for a European election post-mortem. M. Mauroy, mayor of Lille and head of one of the party's most powerful regional federations, criticised both the party's organisation and its platform for the election, when the Socialists lost part of their advantage over the Communists in the balance of the French Left.

His reproaches prompted M. Mitterrand to call a national convention for next Sunday, but both M. Mauroy and M. Rocard, who is M. Mitterrand's main rival for the leadership, said they and their supporters would boycott it because it was called too hastily.

An opinion poll at the weekend showed M. Mitterrand slightly ahead of M. Rocard in a dry-run presidential election. According to the poll, President Valery Giscard d'Estaing would beat M. Mitterrand with 53 per cent of the vote, and M. Rocard with 55 per cent.

# German politicians' banking role criticised

By JONATHAN CARR IN BONN

POLITICAL embarrassment for leading members of West Germany's ruling parties and a renewed debate on the role of the country's Landesbanks seem bound to follow release of a notably blunt provincial Parliamentary report.

The report criticises by name politicians involved in the supervision of the Westdeutsche Landesbank (West LB) at the time its former executive chairman, Herr Ludwig Poulain, stepped down, amid sharp public controversy.

The politicians include Herr Friedrich Halstenberg, treasurer of Chancellor Helmut Schmidt's Social Democrat Party (SPD), and Herr Burkhard Hirsch,

Interior Minister of the state of North Rhine-Westphalia and a member of the SPD's coalition partner, the Free Democrats (FDP).

The report also recommends replacement of some of the Ministers on West LB's administrative council by non-Cabinet banking experts, and establishment of a clear division between the State's supervisory and administrative tasks.

The report was released in Duesseidort, the State capital, by a nine-member, all-party investigating committee of the State Parliament.

It is felt likely that most of its recommendations will be followed—and that action here

may well set a precedent for other federal States.

The committee was set up in February, 1978, to examine the circumstances in which Herr Poulain left the West LB, and the extent to which State representatives played their proper part in supervision of the bank's affairs.

The State is involved because the West LB acts, among other things, as the central bank of North Rhine-Westphalia. Government members, therefore, have six places on the bank's administrative council.

Herr Poulain announced on December 23, 1977, that he was resigning as chairman — only

three weeks after the administrative council (including State representatives) had re-elected him for a further five years.

In January, 1978, Herr Poulain was summarily dismissed by the bank with effect from December 23.

Last month, a Bielefeld State prosecutor with fraud and breach of trust—which he promptly denied—"in every point."

He has also been taking legal steps against what he feels to have been wrongful dismissal.

The investigating committee's report finds that Herr Halstenberg, then Finance Minister of North-Rhine-Westphalia, had

# Urenco undeterred by nuclear slowdown

By CHARLES BATCHELOR IN ALMELO

THE URENCO uranium enrichment plant at Almelo in the Netherlands was once listed in the local trade directory under "spin-dryers and washing machines". The confusion arose because the Dutch part of the Anglo-German-Dutch venture is Ultra-Centrifuge Nederland (UCN)—and centrifuge has both meanings.

Any uncertainty remaining over the purpose of the plant, three miles from the centre of the small town of Almelo, was dispelled in March last year. More than 30,000 demonstrators surrounded the wire fencing and broke a few windows in protest against a plan to enrich uranium for Brazil. After lengthy and heated debates in the Dutch parliament, where many MPs were worried that the uranium could ultimately be used to make nuclear weapons, the deal has gone ahead. But the whole episode has not been without its consequences for Urenco.

Work has now started on the first stage of a commercial plant which will ultimately have 1,000 tonnes capacity. The beauty of the centrifuge process, as against the gas diffusion method used in the U.S. and France, is that it is economic to add small units of extra capacity. This means a large financial commitment can be avoided in an uncertain market.

At first, only 400 tonnes capacity will be built around a central core housing the essential ancillary equipment. Later, units of 200 tonnes can be added as the need arises. Although this plant is designed for capacity of 1,000 tonnes, the technology is advancing so rapidly that 1,300 tonnes may be squeezed into the same space.

With the exception of the marketing department, which is in the U.K., Almelo is a fully self-contained operation. It has its own laboratory where much of the technology has been developed and its own factory to produce the centrifuge units which are at the heart of the process, according to Dr. Maarten Bogardt, technical director of UCN.

By this method, the fissile uranium-235 isotope, which occurs in concentrations of 0.7 per cent naturally, is increased to about 3 per cent. The enriched uranium is cooled and piped back into small containers which are returned to the customer.

The controversy over the project has had two consequences for the Urenco group. The German utilities, which are large customers, pressed for the setting up of a plant in Germany

man partner, Uranit.

According to Mr. Johan van Hasselt, administrative director of UCN and a former Shell manager, the move to almost complete state control will not change UCN's commercial character. "This won't make it any more difficult for us to carry on our work. Since Parliament has to approve the export licences, we are under the politicians' control anyway."

A group of Christian Democratic MPs is calling for a meeting with the Dutch Foreign Minister to discuss reports that secrets stolen in the Netherlands could give Pakistan the capacity to make nuclear weapons, writes Charles Batchelor. An investigation into claims that a Pakistani metallurgist, who worked in Urenco, stole

documents between 1972-75, was begun in October and is still continuing.

The MPs are particularly concerned that secret service screening procedures may not be tight enough and that Holland's position as an opponent of the spread of nuclear weapons may have been damaged.

Urenco claims that, of the world's four enrichment suppliers, only two are attempting to operate on a commercial basis. The U.S. Department of Energy, which operates more than 60 per cent of the world enrichment capacity of 30,000 tonnes, quotes unrealistically low prices which barely cover its energy costs. The U.S. price of \$86 per kg should be at least 50 per cent higher if normal commercial criteria were applied, Mr. van Hasselt says.

The Soviet Union, with around seven per cent of world capacity, deliberately sets its prices five per cent below the U.S. level. This leaves the

# Faster growth forecast for Nordic economies

By WILLIAM DULLFORCE IN STOCKHOLM

THE ECONOMIES of the Nordic countries will grow faster than those of most other OECD countries this year and next, after three years in which their performance has been much weaker than the OECD average. But the profile for 1980 points to a further fall in the growth impetus.

This forecast is contained in the "Nordic Economic Outlook," an analysis produced jointly very six months by the federations of industries in Denmark, Finland, Norway and Sweden. Their experts predict a 4 per cent GDP growth for the area this year, tapering off to 3.75 per cent in 1980.

The sluggish domestic demand of the past few years in all four countries has been the price they have paid for giving priority to their current account balances. The combined current account deficit was reduced from \$9.6bn in 1977 to \$3.9bn last year.

The federations, however, expect the deficit to accelerate again this year to \$5bn. Norway's rising oil income is estimated to cut its deficit to \$200m in 1980, outweighing further rises in the Swedish and Danish current account deficits.

Private investment in the Nordic area is expected to experience a minor upswing after falling to a very low level over the past few years. Denmark the only country to show some growth last year, should have a further increase this year, while growing optimism in Finnish and Swedish business will, it is hoped, result in a decisive rise.

All four Nordic countries curbed their inflation rates last year, but prospects for 1979 and 1980 vary. A wages and price freeze is operating in Norway. Finland expects to keep the rise in prices to 7-8 per cent this year; but inflation is forecast to accelerate in Denmark and Sweden.

# Venice rejects split

THE voters of Venice rejected by three to one at the weekend proposals to split the city and the Mestre industrial zone on the mainland into two separate administrative units, writes Rupert Cornwell in Rome. Although the referendum was technically only consultative, the regional authorities indicated that they would accept a convincing demand for a split.

# BP Nutrition's good feed guide. Compiled by Data General computer.



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BREZHNEV AND CARTER SIGN SALT-2 TREATY

Main points of accord limiting strategic weapons

THE BASIC elements of the SALT II agreement, which is designed to run until the end of 1985, have been known for some time. The main items are:

Weapons

An initial limit of 2,400 strategic nuclear weapons on both sides, declining to 2,250 by the end of 1981. This would require the Soviet Union to dismantle 250 to 300 weapon systems.

Warheads

Various sub-limits on MIRV (Multiple Independent Re-entry Vehicle) warheads—those with multiple warheads which can be separately targeted—with an overall ceiling of 1,320 units. This breaks down into a sub-limit of 820 for MIRVed Intercontinental Ballistic Missiles (ICBMs) and 500 for ICBMs plus MIRVed submarine-launched ballistic missiles. The total of 1,320 is reached by adding long-range bombers carrying Cruise missiles (piloted, low-flying subsonic drone aircraft).

Missiles

Neither side may introduce more than one type of intercontinental ballistic missile during the life of the treaty.

Monitoring

The understanding that each side will be able to verify the other's deployment of missiles. This has been one of the principal sticking points in the past year, particularly since the loss of the U.S. monitoring bases in Iran, and may still be a problem in the U.S. Senate debate.

Cruise

An accompanying protocol, lasting until 1981, barring deployment of ground and sea-launched Cruise missiles with a range of more than 375 miles, and limiting the deployment of mobile missile systems.

Bomber

A side letter covers the Soviet "backfire" bomber, which is not referred to in the treaty itself. In the letter, the Soviet Union agrees not to increase production beyond the present estimated rate of 30 a year, and to refrain from giving it the capability of striking the U.S.

Leaders agree to future meetings, more co-operation

In the communique both the U.S. and the Soviet Union say they want to continue working towards a more stable and constructive foundation for relations between them, and to this end they will need to expand areas of co-operation.

The Vienna summit confirmed the usefulness of personal meetings between them and agreed in principle that such meetings would be held on a regular basis in future.

Limitations of nuclear and conventional arms. The two sides reaffirmed their deep conviction that special importance should be attached to the problems of the prevention of nuclear war and to curbing the competition in strategic arms. Both sides recognised that nuclear war would be a disaster for all mankind. Each stated that it is not striving and will not strive for military superiority, since that can only result in dangerous instability, generating higher levels of armaments with no benefit to the security of either side.

(The communique outlined the following key areas.) SALT: In the course of the meeting President Carter and President Brezhnev confirmed and signed the treaty between the U.S. and the USSR on the limitation of strategic offensive arms, the protocol thereto, the joint statement of principles and basic guidelines for subsequent negotiations on the limitation of strategic arms and the document entitled Agreed Statements and Common Understanding Regarding the Treaty between the U.S. and USSR on the Limitation of Strategic Offensive Arms.

At the same time, the sides again stressed the great significance of the Treaty of the Limitation of Anti-Ballistic Missile Systems and strict compliance with its provisions and of other agreements previously concluded between them in the field of strategic arms limitation and reducing the danger of nuclear war.

Both sides expressed their deep satisfaction with the progress of the negotiations of strategic arms and the fact that their persistent efforts for many years to conclude a new treaty has been crowned with success. This treaty sets equal ceilings on the nuclear delivery systems of both sides; to begin the process of reductions it requires the reduction of existing nuclear arms; to begin to limit the threat represented by the qualitative arms race it also places substantial constraints on the modernisation of strategic offensive systems and the development of new ones.

President Carter and President Brezhnev discussed questions relating to the SALT 3 negotiations, and in this connection expressed the firm intention of the sides to act in accordance with the joint statement of principles and basic guidelines for subsequent negotiations on the limitation of strategic arms.

Comprehensive test ban treaty: It was noted that there has been definite progress at the negotiations in which the U.S. is also participating on an international treaty comprehensively banning test explosions of nuclear weapons in any environment, and an associated protocol. They confirmed the intention of the U.S. and the USSR to work with the UK to complete preparation of this

treaty as soon as possible. Non-Proliferation: The two sides reaffirmed the importance they attach to nuclear non-proliferation. They consistently advocated the further strengthening of the regime of non-proliferation of nuclear weapons and confirmed their resolve to continue to comply strictly with the obligations they have assumed under the treaty on the non-proliferation of nuclear weapons. They stressed the importance of applying comprehensive inter-

national safeguards under the International Atomic Energy Agency and pledged to continue their efforts to strengthen these safeguards. Both sides further committed themselves to close co-operation with other countries, to ensure a successful conclusion to the Non-Proliferation Treaty Review Conference in 1980, and

called upon all states which have not already done so to sign and ratify the non-proliferation treaty. Vienna negotiations: President Carter and President Brezhnev emphasised the great importance the sides attached to the negotiations on the mutual reduction of forces and armaments, and associated measures in central Europe in which they are participating with other states. A reduction of the military forces of both sides and the implementation of

respective representatives will meet promptly to discuss questions related to the next round of negotiations on limiting conventional arms transfers. Chemical weapons: The two sides reaffirmed the importance of a general, complete and verifiable prohibition of chemical weapons and agreed to intensify their efforts to prepare an agreed joint proposal for presentation to the Committee on Disarmament.

Radiological weapons: President Carter and President Brezhnev agreed that their respective representatives will meet promptly to discuss the resumption of the talks on questions concerning arms limitation.

International issues: There was a broad exchange of views on major international issues. The two sides expressed their support for the process of international détente. President Carter and President Brezhnev devoted particular attention to situations of tension which complicated the international situation and interfered with positive developments in other areas.

The sides noted with satisfaction the positive developments which have taken place in recent years with respect to the situation on the European continent. They underscored the significance of the Helsinki Final Act and the provisions of the Conference on Security and Co-operation in Europe. The two sides agreed that continuation of the CSCE process is important to promote security and co-operation in Europe. They called attention to the need for full implementation of all the provisions of the Helsinki Final Act.

Each side reaffirmed its interest in a just, comprehensive and lasting peace in the Middle East and set forth its position on ways and means of resolving the Middle East problem.

There was an exchange of views concerning developments in Africa. They noted some normalisation of the situation in certain areas of that continent, and the efforts of the independent states of Africa towards co-operation, economic development and peaceful relations and the positive role in this respect of the Organisation

of African Unity. They also indicated their respective views regarding the situation in southern Africa. The sides recognised the importance to world peace of peace and stability in Asia. They agreed that the independence, sovereignty and territorial integrity of all nations in the area must be fully respected. They also indicated their respective views regarding the situation in south-east Asia.

Soviet Backfire statement: On June 16, 1979, President Brezhnev handed President Carter the following written statement: "The Soviet side informs the U.S. side that the Soviet TU-22M airplane, called Backfire in the U.S., is a medium-range bomber and that it does not intend to give this airplane the capability of operating at inter-continental distances. In this connection, the Soviet side states that it will not increase the radius of action of this airplane in such a way as to enable it to strike targets on the territory of the U.S. Nor does it intend to give it such a capability in any other manner, including by inflight refuelling. At the same time the Soviet side states that it will not increase the production rate of this airplane as compared to the present rate."

President Brezhnev confirmed that the Soviet Backfire production rate would not exceed 30 per year. President Carter stated that the SALT 2 agreement on the basis of the commitments contained in the Soviet statement and that it considers the carrying out of these commitments to be essential to the obligations assumed under the treaty.

Protocols to the Treaty

THE U.S. and the USSR, hereinafter referred to as the parties, having agreed on limitations on strategic offensive arms in the treaty, have agreed on additional limitations for the period during which this protocol remains in force, as follows: Article 1: Each party undertakes not to deploy mobile Intercontinental Ballistic Missile (ICBM) launchers or to flight test ICBMs from such launchers. Article 2: Each party undertakes not to deploy cruise missiles capable of a range in excess

of 375 miles on sea-based launchers or on land-based launchers. Each party undertakes not to flight test cruise missiles capable of a range in excess of 600 kms which are equipped with multiple independently targetable warheads from sea-based launchers or from land-based launchers. For the purpose of this protocol cruise missiles are unmanned, self-propelled, guided, weapon delivery vehicles which sustain flight through the use of aerodynamic lift over most of their flight path and which are flight tested from or deployed on sea; based or

land-based launches, that is, sea-launched cruise missiles and ground-launched cruise missiles respectively. Article 3: Each party undertakes not to flight test or deploy ASBMs (Air to Surface Standoff Missiles). Article 4: This protocol shall be considered an integral part of the treaty. It shall enter into force on the day of the entry into force of the treaty and shall remain in force through December 31, 1981, unless replaced earlier by an agreement on further measures limiting strategic offensive arms.

ASAT: It was also agreed to continue searching actively for mutually acceptable agreement in the negotiations on anti-satellite systems. Conventional arms transfers: The two sides agreed that their

associated measures in central Europe would be a major contribution to security and stability. ASAT: It was also agreed to continue searching actively for mutually acceptable agreement in the negotiations on anti-satellite systems. Conventional arms transfers: The two sides agreed that their



ALL SMILES... Carter and Brezhnev before the signing.

Senate opponents start new public attacks on treaty

BY DAVID BUCHAN IN WASHINGTON

SENATE OPPONENTS of the new SALT-II treaty stepped up their public attacks on it only hours after the Vienna signing ceremony yesterday. Senator Jake Garn, a Conservative Republican, warning against what he called the widespread misapprehension that it would reduce nuclear armaments.

Only minor reductions would be required on missile launchers, while stocks of nuclear warheads would be restrained, he told a Capitol Hill press conference yesterday. Another Republican, Right-winger Senator Jesse Helms, called on the Carter Administration not to mislead the Senate over SALT II as it had done in the debate over the Panama Canal treaties.

Senator Helms also urged the Democratic leadership of the Senate to allow the televising of the final floor debate on ratification of the SALT II treaty, because until those debates begin, the Administration and its supporters will have a virtual monopoly on the presentation of their viewpoint.

Mr. Thomas Watson, former chairman of the board of International Business Machines is expected to be nominated soon by President Carter as the next U.S. Ambassador to the Soviet Union, it is reported. This appointment will be taken as a sign that the U.S. wants to push trade links with Moscow. IBM has long urged an expansion of U.S.-Soviet trade.

The North Carolina Conservative promised to play fair and restrain himself in the forthcoming Senate debate—where a two-thirds majority (67 votes) is needed to ratify the treaty—

Senate opponents start new public attacks on treaty

BY DAVID BUCHAN IN WASHINGTON

but said this should equally apply to those "who cry that if the treaty fails, America runs the risk of being seen as a hypocritical nation, with peace on its lips and war in its heart."

Meanwhile, Dr. Henry Kissinger, the former Secretary of State whose eventual verdict on SALT II is expected to sway a number of middle-of-the-road Senators at present doubtful or ignorant about the new treaty, said yesterday he would withhold judgment until top Administration officials had testified before Senate committees. These hearings are due to start in the second week of July.

Dr. Kissinger said the critics of SALT II must show that the U.S. would be better off without the agreement, while the Carter Administration had to demonstrate that the accord would not weaken the U.S. nuclear ability.

Vienna may lead to 'better understanding'

BY DAVID SATTER

PREIDENT CARTER and President Brezhnev got along well together, which might make it easier to resolve future differences, Soviet officials said. Although the remarks of Mr. Leonid Zamyatin, the Soviet spokesman, and Soviet press reporting have been unexpectedly derisive when referring to areas of disagreement, Soviet officials said the general atmosphere of the talks had been positive.

Tass, the Soviet news agency reported a Soviet refusal to agree to the use of United Nations forces in support of the Israeli-Egyptian peace treaty, saying: "The USSR will not back proposals intended to exploit the United Nations for collaboration of the Egyptian-Israeli separate deal."

The Tass report, which was carried in Soviet morning newspapers, also reported the remark, attributed to Mr. Brezhnev, that U.S. concern over a

Soviet role in the creation of the "arc of crisis" along the Soviet Union's southern border was "idle invention," and that it was surprising that the U.S. saw fit to designate an area far from the U.S. as "a sphere of vital interests of the U.S."

The Tass report also ridiculed U.S. concern about the Soviet arms build-up in Europe, as Mr. Zamyatin had at the Press conference. But the discussion of areas of conflict had been "important to an understanding of the realities of the contemporary world," Soviet officials said privately.

The Soviet official said the meeting was positive because a whole range of disarmament proposals had been discussed, including non-proliferation and forces reduction. Each side, at the highest level, had the opportunity to explain its policies, and Mr. Carter and Mr. Brezhnev had succeeded in establishing a personal relationship.

AMERICAN NEWS

Britons evacuated from Nicaragua

BY HUGH O'SHAUGHNESSY

AS FIGHTING continues to rage between the National Guard and Sandinista guerrillas in many towns in Nicaragua, some dozen Britons have been evacuated to Panama in a U.S. Air Force airlift. In a despatch from Managua, the Paris daily, Le Monde, said an unmarked aircraft and personnel who had worked for the U.S. airline, Air America, a company whose name had been linked with the CIA during the Vietnam war, had been sighted at Managua airport.

Although the outcome of the present insurrection against the rule of President Anastasio Somoza continues to be in doubt,

the Sandinistas appear to have won a number of tactical and diplomatic points over the weekend.

After heavy fighting on Sunday the rebels captured the Acosasco fortress of the National Guard in Leon, the country's second city, and burned it. They now appear to be in practical control there.

At the same time the Sandinistas are reported to be making great efforts to advance north from their strongholds near the southern border with Costa Rica and take the town of Rivas. This is where it is expected they will constitute a

provisional government. The Sandinistas have named a five-man junta to head this government, which will seek international recognition and help.

Further evidence of waning international support for the Somoza Government came when Ecuador announced it was breaking off diplomatic relations on Sunday. Ecuador has followed the lead set by Mexico and Costa Rica. The Andean countries as a whole, Ecuador, Peru, Bolivia, Colombia and Venezuela, have announced that they recognise a state of belligerency in Nicaragua.

While not according formal recognition to the Sandinistas, the move allows the five countries to deal evenhandedly with each of the opposing forces.

Although President Somoza has sought the intervention of the Washington-based Organisation of American States on his behalf, any lingering hope that he had of obtaining OAS military support was dimmed when the Brazilian Foreign Office announced it would not favour such a move.

Despite these reverses, President Somoza can count on the help of a number of countries and he has this month publicly thanked the Governments of Chile, Argentina and Uruguay for the aid they have given him.

Venezuela to invest \$2.3bn in Orinoco oil

By Kim Foad in Caracas

VENEZUELA'S state oil monopoly, Petroleos de Venezuela has allocated some \$2.3bn up to the end of 1985 for developing the Orinoco oil belt, according to Sr. Julio Cesar Arreaza, the company's vice-president.

The company's overall capital investment plans for the 10 years call for more than \$25bn to expand exploration, production, refining and other activities. Sr. Arreaza said at a press conference to present the oil monopoly's 1978 annual report.

The allocation of funds for developing the Orinoco belt, thought to be the western hemisphere's largest single accumulation of non-conventional heavy oil, reflects growing concern over the decline in production, potential and proven reserves in the ageing traditional fields.

These now produce nearly 2.4m barrels a day, compared with a peak production of 3.7m b/d in 1970. Potential has fallen from 4m b/d to under 2.5m b/d, while vital light-gravity crudes represent only a fifth of proven reserves, which total almost 18,200m barrels.

Sr. Arreaza's breakdown of the planned \$25bn investment, in addition to the Orinoco belt, included more than \$5.1bn for exploration, more than \$11bn for production, \$5bn for refining, and the rest for domestic supply and transport.

Sr. Arreaza said exports in 1978 had declined by 1 per cent, giving an average of 1,968m b/d, while average export prices dropped by \$0.50 to \$12.04 a barrel last year.

Islanders riot

MR. PATRICK JOHN, Prime Minister of Dominica, said he would convene the Caribbean Island's Parliament yesterday after a weekend of unrest and the resignation of the four remaining members of his Cabinet. During the weekend riots against Mr. John's rule a number of public buildings were set on fire.

Wage guidelines hit by rubber pay deals

BY JOHN WYLES IN NEW YORK

THE CARTER Administration's pay restraint guidelines are facing another major embarrassment following agreements during the weekend which are expected to result in increases in pay and benefits of more than 40 per cent for 55,000 rubber industry workers.

The agreements, the first with B. F. Goodrich and the second yesterday with strike-bound Uniroyal, will almost certainly be implemented by the Firestone Tire and Rubber Company. However, the industry's largest company, Goodyear Tire and Rubber, may find it difficult to endorse it, and this is a potential sticking point for other agreements.

Full details of the Goodrich and Uniroyal agreements were due to be published late yesterday but in outline they look to be rewarding victories for the United Rubber Workers Union. The settlement with Uniroyal, which has been on strike since May 9, is remarkable because it includes a letter from the company apologising for its public denials that a tentative agreement was reached on April 18. The URW proclaimed an agreement on that day which the company subsequently denied existed largely because of Administration objections that it breached the guidelines.

The new settlements do not appear to be any more in compliance but the Administration may again be ready to exclude certain elements and to claim that the guidelines' 2.5 per cent pay and benefits limit over three years has not been substantially exceeded. This was the approach used to endorse the trucking industry's settlement in April but it suggests that the guidelines are becoming less and less relevant for major negotiations now under way in the electrical goods industry and for car industry talks which start next month.

Reports yesterday indicated that the Uniroyal settlement may be larger than the 40 per cent agreed by Goodrich. Of special relevance for the auto negotiations is the fact that the companies appear to have agreed to improve the cost of living allowance formula which will now trigger rises for each 0.26 per cent increase in the consumer price index instead of the 0.3 per cent which previously applied and which is part of the auto industry's current agreement.

Goedrich has also agreed to sign a letter proclaiming a neutral stance in any union organising efforts at its tyre plants. In the case of Goodrich this is of largely symbolic importance and the union's real target is a similar undertaking from Goodyear whose largest tyre plant will be a new facility due to go into production in Oklahoma this year.

Public sector jobs cut

BY VICTOR MACKIE IN OTTAWA

ABOUT one-third of the 60,000 jobs the new Canadian Government hopes to trim from the public service pay-roll over three years, will be achieved through disbanding Crown corporations and returning them to the private sector, Mr. Sinclair Stevens, Treasury Board president, said yesterday. "Prime Minister Mulroney's Government will keep these problems in mind," the Government's oil secretary was on the "short list" of agencies to be considered for such a move. But Mr. Stevens declined to give further details.

Bosworth resigns from wage council

By Our New York Staff

Barry Bosworth... ruffled feathers in the fight against inflation.

ONE OF President Carter's leading and most controversial economic advisers, Mr. Barry Bosworth, is expected to leave his job as director of the Council on Wage and Price Stability some time in August.

This would be the second anniversary of his term, which he said he had planned would not last longer than two years. A talented academic economist, Mr. Bosworth, 36, has suffered many fevers in his attempts to alert the country to the rising dangers of inflation, and as one of the leading administrators of the President's wage and price guidelines when they were launched at the end of last October.

Before he departs—probably to return to academic work—Mr. Bosworth will be deeply involved in redesigning the policy for its second year which will start on October 1.

Charter stock sale

American Financial Corporation has terminated discussions with an undisclosed party concerning the sale of its Charter Company warrants and preferred stocks, AP-DJ reports from Cincinnati. American Financial owns warrants exercisable into 1,350,000 shares of Charter common and preferred convertible into an additional 1,250,000 common shares.

Foreign investment welcomed by Commerce Department

BY STEWART FLEMING IN NEW YORK

THE FEDERAL Government is adopting an increasingly positive attitude towards foreign investment in the U.S., Mr. Frank Weil, Assistant Secretary of Commerce for Industry and Trade at the U.S. Department of Commerce, told a Financial Times conference in New York yesterday.

Mr. Weil said that official policy was neutrality towards inward investment, because the U.S. did not want to get into a bidding contest for foreign investment by competing with other nations in offering subsidies.

Inducements

He suggested that it was a mistake for individual States to compete with each other by offering inducements to foreign investors, since this only reduced the aggregate benefit of new investments. Congress had looked askance at such competition before and would do so again if it was carried to excess, he said.

But he added that for a number of reasons the Federal Government was moving to

wards a more open door, non-discriminatory policy towards foreign investment than had traditionally been the case.

Among the factors influencing Government policy was the benefit to the value of the dollar through the balance of payments effects of foreign direct investment.

Mr. Weil pointed out, too, that for the first time in perhaps 20 or 30 years the U.S. is in a position where it can benefit from foreign know-how and the introduction of foreign capital and management techniques.

To illustrate the point he cited the case of the Japanese electronics concern Sony, which, partly because of its management techniques, has been able to improve its productivity at its U.S. plants in comparison with some of its competitors, even using American workers.

The impact of foreign capital in contributing to U.S. productivity at a time when the U.S. has an alleged capital shortage and a serious productivity problem were other factors influencing the Federal Government's policy, he said.

said that he believed there was a need for less legal discrimination against foreign investors particularly in the communications and transportation industries.

One factor clearly influencing the Federal Government's attitude is the evidence that the scale of foreign investment in the U.S. in relation to the total economy is relatively small in spite of rapid growth over the past four years.

Growth

Mr. Weil conceded, however, that as a result of this growth there is a growing interest in the issues raised by foreign direct investment and the beginnings of a public policy debate on these issues.

Earlier in the day Mr. Edward L. Palmer, chairman of the executive committee of Citicorp, the second largest U.S. bank, argued forcefully that provided New York City can "endure as a viable urban centre" which he said was a reasonable assumption, then it promises to be the best site for the headquarters of a global

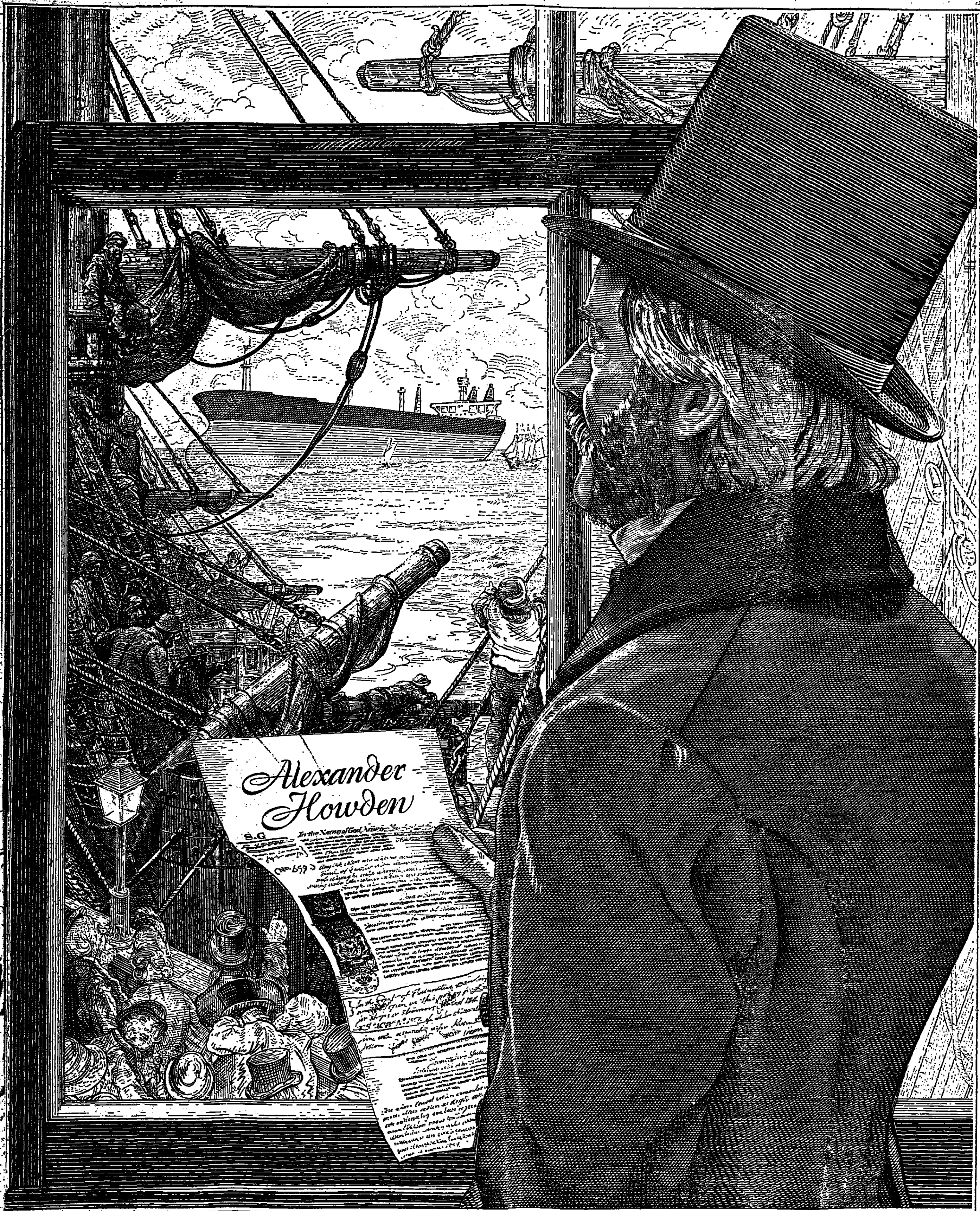
FINANCIAL TIMES World-wide Investment in the U.S. CONFERENCE

financial intermediary for the balance of this century. He said that four criteria the city fulfilled were that it should attract the most talented managerial and professional people, should have the expertise to develop a long-term corporate strategy, must be a global financial centre and must be itself a major market.

Mr. Palmer said that New York had been a showcase for the problems of older cities in recent years, with manufacturing employment, for example, declining 50 per cent in the past 20 years as industry shifted.

But he said that this was not the first time the city's industrial mix had changed and that as it declined as a manufacturing centre it was growing as a world financial and services centre.





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OVERSEAS NEWS

WORLD TRADE NEWS

Syria and Iraq nearer unity

BY PATRICK COCKBURN IN BAGHDAD

SYRIAN AND Iraqi leaders appeared yesterday to have reached general agreement on uniting their two countries after three days of talks in Baghdad.

President Hafiz al-Assad of Syria and President Hassan al-Bakr of Iraq, along with the strongman of the Iraqi Government, Mr. Saddam Hussein, have been meeting privately to discuss a formula for uniting the Baath Party.

This aspect is considered to be the crucial test for any real unity. Baghdad and Damascus are ruled by the two wings of the Baath Party which, following their division in 1966, have made ferocious attacks on each other until recently.



President Assad of Syria (left) and President Bakr of Iraq.

previous attempts to unite ensure that the current moves will be greeted with some cynicism in the Middle East.

But previous divisions have been largely overcome following the Camp David accords between Egypt and Israel.

relations with the more conservative Arab states, notably Saudi Arabia.

The Baghdad summit which created a common front against Egypt. The Iraqis are also increasingly worried by developments in Iran.

The local press in Baghdad give increasingly unsympathetic treatment to Ayatollah Khomeini.

Whatever the cosmetic adornments in which a unity agreement is wrapped, the alliance of Syria and Iraq does create a common front on Israel's northern frontiers stretching from the Mediterranean to the Gulf.

Canada bid to buy Iran F-14s collapses

By Victor Mackie in Ottawa.

CANADA'S Defence Minister Allan Rock said yesterday that negotiations he initiated to purchase second-hand F-14 fighter aircraft from Iran have collapsed.

Mr. Rock said the Canadians at first indicated they were interested in selling the top-rated American fighter aircraft to Canada but that after Prime Minister Joe Clark declared his Government's intention to transfer the Canadian Embassy from Tel Aviv to Jerusalem, the deal fell flat.

"We just aren't getting any answers from the other end any more," said Mr. Rock. "They obviously now don't want to do a deal with us."

CLOTHING INDUSTRY UK scales down opposition to outward processing

BY RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN'S CLOTHING industry is dropping its outright opposition to outward processing—the export of fabric for re-import as garments—but is asking the Government to press the EEC for tight restrictions covering the practice.

Britain has been the odd man out in Europe, refusing to take its share of outward processing quotas established last year by the EEC with its Mediterranean associates. It has insisted instead that goods imported in this way must be treated as part of overall quotas and not as a separate and additional category.

The last Labour Government took this stand, under strong pressure from the clothing industry which argued that outward processing could lead to the transfer of the industry to the Mediterranean basin.

notably West Germany and the Netherlands, are already using outward processing.

The industry is now concerned that it wants to take up a share in the practice is now being adopted in the absence of EEC guidelines.

At the same time the EEC Commission has been pressing the UK to decide whether or not it wants to take up a share in quotas available for 1979, it will redistribute them to other countries if Britain declines to do so.

new line—drawn up in the face of all these pressures—is due to be discussed at a meeting with Government officials later this week.

The industry is hoping that by agreeing to participate Britain can influence the share of regulations now being prepared in Brussels and that these will incorporate a number of safeguards.

The suggestions of the Clothing Industry Council for Europe are that the practice should be open only to bona-fide manufacturers and should exclude importers, merchants, and retailers, (with certain exceptions).

Peaceful start to Ghana election

By Mark Webster in Accra

GHANA'S first general election in a decade promised to be a peaceful affair yesterday with soldiers confined to barracks and politicians resting after six months of campaigning.

Electoral officials were predicting a high turnout for the elections which many had feared would not take place after the coup which toppled the military regime of General Fred Akuffo two weeks ago.

But Flight-Lieutenant Gerry Rawlings, chairman of the Armed Forces Revolutionary Council which took power, has promised that the military will not interfere with the elections.

In a broadcast he also said the hand-over of power to a new civilian Government would take place not later than October 1, three months later than originally planned.

The delay is to give the army time to complete their "house-cleaning" operation aimed at rooting out corruption which is rampant among the military and the civilians.

As well as being crossed off the electoral register they had their forefingers marked with indelible ink to prevent anyone voting twice.

Strict security will be in operation when the votes are counted according to the electoral authorities.

A policeman is on duty at each of the country's 20,000 polling stations and the police will supervise the counting of votes.

Results will be slow to come from some of the regions because of the distances involved and poor communications.

First indications of who has won are expected on Tuesday night at the earliest.

Voters have a choice between six main parties which have fielded nearly all of the 900 candidates competing for 140 Parliamentary seats.

Each of the main parties has also put up a candidate for President in the People's National Party of Mr. Hilar Limann and the United National Convention of Mr. "Willie" Ofori-Atta.

Israeli pressure annoys EEC

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

A DIPLOMATIC row is imminent over attempts by the Israeli Government to press the European Commission into siting its planned official delegation to Israel in Jerusalem instead of in Tel Aviv.

The Israeli Government has angered officials in Brussels by indicating that unless the mission is set up in Jerusalem, the EEC's future emissary and his staff may be denied normal diplomatic privileges.

The Israeli foreign ministry sent a note to the Commission late last week formally authorising establishment of the delegation. But it pointedly failed to answer a routine request by the Commission that its representative be accorded diplomatic status.

The Israeli demands are considered wholly unacceptable in Brussels, and the EEC is expected to refuse to establish the office if they are maintained.

It is pointed out that even if the Commission were to acquiesce, the move would be strongly opposed by many member Governments.

A move to recognise Israeli claims over Jerusalem could seriously damage EEC relations with Arab countries.

The Commission already has delegations in Rabat, Algiers and Tunis and hopes to set up missions in Cairo and Damascus soon. The decision to establish a delegation in Israel, was taken about nine months ago and a chief representative, of Dutch nationality, has already been designated.

David Lennon in Jerusalem adds: At present only 11 of the 32 embassies and legations in Israel are located in Jerusalem and all but one of these represents south and central American Governments.

The announcement that the newly-elected Canadian Government plans to move its embassy from Tel Aviv to Jerusalem has apparently emboldened some people within the Israeli Government to advocate greater insistence on having missions in Jerusalem.

Mr. Elyashiv Ben-Horin, deputy Director-General of the Foreign Ministry, with special responsibilities for the EEC, declined to confirm or deny that conditions such as the denying of full diplomatic privileges may have been put to the EEC.

But he expected that the EEC delegation would be established in the course of this year.

Meanwhile, Mr. Moshe Dayan, Foreign Minister, said yesterday that he would make no announcement about a newspaper report that South Africa was planning to move its embassy from Tel Aviv to Jerusalem.

Lebanese army moves into Christian Beirut

LEBANESE regular troops yesterday took up positions in two suburbs of Beirut which have been closed to the authorities for four years.

More than 1,000 troops of the restructured Lebanese army were deployed in Ain el-Rummaneh and Furn el-Chebbak, two Christian quarters in the south-east of the capital, replacing Right-wing militias.

The operation was carried out smoothly in co-operation with Syrian troops serving as the peace-keeping Arab deterrent force.

Right-wing leaders recently asked President Elias Sarkis to send the troops in after their militias fought each other for four days with mortars, rockets and heavy machine-guns.

The battles, involving the militia of the Phalange party and that of the National Liberal Party of former Prime Minister Camille Chamoun, left 12 dead and twice that many people wounded.

The two suburbs have been the scene of repeated unrest since the civil war in 1975 and were considered as state within states, with the Christian militia ruling supreme.

Deployment of the army will ensure the reopening of the south-eastern section of the main Beirut-Damascus highway and make traffic between the predominantly Christian part of the capital and Moslem quarters easier.

Dr. Selim al Hagg, Prime Minister, said the army deployment would strengthen and consolidate the authority of the state.

He submitted the resignation of his Cabinet about a month ago to make way for a new Government of national reconciliation.

France to support new A-300 versions

By Terry Dodsworth in Paris

THE FRENCH Government has promised financial support for the development of the Airbus range of aircraft manufactured by Airbus Industrie, the consortium mainly owned by France, West Germany and the UK.

The most likely contender for development will be a four-engine, 200-seater airliner with a range of about 6,000 miles.

Although a smaller aircraft has also featured in Airbus Industrie plans, it now seems that the four-engine model is being given priority.

M. Bernard Lathiere, chairman of the group, said at the Paris Air Show that development work was now going ahead on this project.

The Government's support for the company has been pledged following increasing evidence during the last few months of the success of the first two Airbus models, the A-300 and A-310.

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Fiat-Poland car accord ratified

BY RUPERT CORNWELL IN ROME

FIAT, ITALY'S largest private industrial concern, and Poland yesterday ratified a far-reaching agreement under which the Polish motor industry will produce two new vehicles, in co-operation with the Turin-based manufacturer.

The deal, signed in Poznan by Sig. Vittorio Ghidella, managing director of Fiat's automobile division, and Mr. Edward Pietrzak, his opposite number at Pol-Mot, the Polish industry's foreign trade body, provides for the assembly of a new small cylinder car in Poland from 1981.

The new vehicle will be between the bottom of the range of the 128 model, and the medium-powered Fiat-derived 125P already produced in Poland.

Production, planned at between 30,000 and 50,000 units per year will go for the domestic Polish market.

Meanwhile the heavy vehicle plant at Poznan will produce a new multi-purpose vehicle with versions for both agriculture and commercial use, jointly designed with Fiat. It will be fitted either with Polish-produced petrol engine or diesel engine manufactured in Italy.

The arrangements, the value of which is put at \$700m a year, are the cornerstone of a ten-year co-operation programme between Fiat and Poland, which forms part of the Turin group's aim of rationalising and integrating its international activities to withstand increasingly fierce foreign competition.

At the same time the Polish industry will supply unspecified numbers of the 126 model which it already produces, according to market requirements, as well as the new commercial vehicle to Fiat dealers in Europe and certain other countries.

The agreement also allows Fiat to supply the Polish market with finished models not built in Poland. Production of a new family of 1600, 1800 and 2000 cc engines to be mounted on Polish-built cars will be put in hand between 1980 and 1982, as laid down in previous agreements between the two partners.

Nuclear Plant Marcos delay tests U.S. ruling

BY DANIEL NELSON IN MANILA

THE WESTINGHOUSE nuclear plant in the Philippines may become a test case for President Carter's ruling that federal agencies must analyse the environmental consequences of new projects in foreign countries.

Critics of the \$1.2bn (£585m) project are elated by President Ferdinand Marcos' weekend decision to stop work on the reactor until a two-man commission into the safety aspects has given it the all-clear.

In fact, the construction programme was jeopardised in March because of U.S. State Department hesitation in backing the project and delay by the U.S. Nuclear Regulatory Commission (NRC) in approving shipment of essential components.

In late 1977 the State Department ruled that the reactor export was not against U.S. interests. But last July it shifted its position and said it was reserving a decision until it had considered an analysis of the reactor site and design to be carried out by the International Atomic Energy Agency.

The Philippine Government apparently has seen the IAEA report but the contents have not been disclosed.

The NRC is considering two subsequent Westinghouse export licence applications in connection with the project. One is for the export of reactor components and the other is for fuel, including enriched uranium for the initial core.

Opponents of the scheme—which involves Export-Import Bank loans to the Philippine Government of \$44m—are continuing to cite the alleged danger to the probe would be an earthquake zone and the problems of disposal of nuclear waste. But their lawyers in the U.S. are pursuing a new tack, that of forcing delay through use of the legal ambiguities surrounding President Carter's ruling.

Westinghouse argues that Washington has no right to withhold export approval on the basis of environmental considerations in another country. The outcome of the argument will have ramifications for the entire industry, as well as for other major projects involving U.S. companies overseas.

Cancellation or delay in the project could also cause a contractual tangle, with Westinghouse claiming that it is not responsible for delays in the shipment of components caused by U.S. agency decisions.

Westinghouse yesterday welcomed the Philippine inquiry and expressed confidence that the probe would prove the plant could be operated without undue risk to the health and safety of people living near it.

Sweden, Norway form tanker shipping pool

BY WILLIAM DULLFORCE IN STOCKHOLM

TWO SWEDISH and two Norwegian companies are forming a shipping pool to operate 11 350,000-ton tankers. All the vessels were built at the shipyard in Malmo, Sweden, between 1975 and 1978, and it was the shipyard's failure to obtain full payment for the vessels that contributed to its being taken over by the State last year.

Five of the tankers are owned by the Salen shipping company, one by Kockum, three by Lars Krogh and two by the Norwegian ship-owner, Halden. The pool will be known as the Scandinavian Tanker Pool (STP) and will be managed by Salen from Stockholm with chartering operations handled from both Stockholm and Oslo.

The agreement to form the pool was signed last week and will come into force as soon as it has been formally approved by the Swedish Ships' Credit Guarantee Board, which is expected to do so by the end of the month.

The STP is expected to be a powerful force on the tanker market. At present nine of the vessels are operating, one on a 12-month charter and eight on the open market. The other two are laid up.

Sasebo Heavy Industries has received orders for two 25,000-ton tankers and the one for New Caravel from Comat Tanker and New Caravel, both Liberian-registered owners, reports Reuter from Tokyo.

Sasebo did not disclose contract prices, but said the tanker for Comat will be delivered in November 1980 and the one for New Caravel in July, 1981.

A total of 9,436 ocean-going vessels, arrived in Hong Kong last year, handling 25.7m tons of cargo, reports AP-DJ from Hong Kong. Containerised cargo represented 43.6 per cent of the cargo, compared with 42.9 per cent for the previous year. The number of vessels calling in rose 6 per cent from 1977.

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Khomeini defies critics of his constitution

BY ANDREW WHITLEY IN TEHRAN

AYATOLLAH KHOMEINI, Iran's unofficial Head of State, is defying his domestic critics among liberals and ethnic minorities and will press ahead with a draft constitution for the Islamic Republic drawn up by his aides.

The Government yesterday released for public debate the long-delayed draft. It was unchanged from the version published unofficially last Thursday, which attracted considerable criticism from minority leaders and Tehran intellectuals.

Announcing the constitution at a Press conference, Dr. Yadollah Sahabi, Minister of State for Revolutionary Affairs, confirmed that there was no question of granting regional autonomy to the minority races, who together make up more than half the Iranian population.

He said they would be given more freedom than before, but not autonomy. Under a new structure of provincial administration, elected councils responsible mainly for welfare affairs are to be set up at every level from village to province, without any distinction between Persian and non-Persian regions.

In the last three months violent unrest has broken out in three minority areas, the Kurds, Arab and Turkoman districts, in support of demands for self-rule and a geographically defined autonomous region.

The Kurdish leader, Sheikh Ezzedin Huseini, said yesterday he opposed the absence of any mention of autonomy in the draft constitution. The Kurds would try to solve the problem through political means initially, he said.

In a speech published yesterday, Ayatollah Khomeini bitterly attacked "Westernised intellectuals who want to take away our Islam."

He said a group of army officers who want to see him in Qom on Sunday, singling out the Iranian Jurists Association for particular attention. He indicated that there would be no concessions to the views of moderate clergy like Ayatollah Shariat-Madari, who has said he will boycott a referendum on the constitution if a fully-fledged constituent assembly is not set up.

Khomeini said such people were "Communists."

Another issue over which renewed trouble is likely to be the status, but in practice the constitution notes without elaboration that women will have equal status, but in practice the Government is already moving many professional women out of senior administration posts.

Dr. Sahabi said yesterday women would not be allowed to serve as judges, though they could hold other legal posts. All 30 of the serving women judges are reported to have been told they can no longer hear cases. A further 20 newly qualified women judges were recently debarred from taking up their posts.

In theory the draft constitution permits women to take up any Government post, including that of President, and to stand for Parliament.

Sadat moves on new Cabinet

By Roger Matthews in Cairo

THE EGYPTIAN government resigned yesterday to clear the way for the formation of a new Cabinet that is expected to reflect the overwhelming victory of President Anwar Sadat's National Democratic Party in the general election and new conditions created by the signing of the peace treaty with Israel.

Mr. Sadat said Dr. Mustapha Khalil, the Prime Minister, yesterday discussed the composition of the new cabinet, due to be announced later this week.

After the talks it was confirmed that Mr. Khalil would retain responsibility for Foreign Affairs in addition to being prime minister. There had been speculation that Mr. Khalil would drop the Foreign Ministry to concentrate more on the country's pressing economic problems.

Egypt's difficulties have been exacerbated by the partial Arab economic and political boycott, that followed the signing of the peace treaty with Israel.

Malaysians 'will not shoot'

KUALA LUMPUR

Malaysia will take firm measures to prevent a further influx of Vietnamese refugees, but these measures do not include shooting them, Datuk Hussein Onn, the Prime Minister, said yesterday.

He was replying to Dr. Kurt Waldheim, the United Nations Secretary-General, who, in a message, had expressed alarm that the Malaysian Government was adopting a tougher refugee policy and intended to shoot on sight any "boat people" entering Malaysian waters.

"I wish to state that our measures to prevent further inflow of the boat people do not include shooting them," Datuk Hussein said.

But he added that any boat carrying Vietnamese refugees that tried to enter Malaysian waters or attempted to land would be towed away after it had been given help to proceed on its journey elsewhere, Reuter.

Dr. Sahabi said yesterday women would not be allowed to serve as judges, though they could hold other legal posts. All 30 of the serving women judges are reported to have been told they can no longer hear cases. A further 20 newly qualified women judges were recently debarred from taking up their posts.

In theory the draft constitution permits women to take up any Government post, including that of President, and to stand for Parliament.

Over the next month the public's suggestions of the constitution are to be collated for the attention of a council of experts, which will then complete the draft before putting it to a national referendum.

Suggestions can be made directly by letter to the Government, through the Press, and at special centres

Growth in EEC office machines

BY MAX WILKINSON

THE EUROPEAN office equipment market is expected to reach nearly \$6bn by 1983 according to a study recently completed by Mackintosh Consultants.

The study examines the market in three sectors for all the major European countries, and predicts the market for word processing and automatic typ-

ing systems will grow by 27 per cent a year to reach \$650m by 1983. The largest market will be Germany, which already has 55,400 systems installed. France comes next with 28,000 systems and the UK third with 23,000 systems.

The office computer market in Europe is expected to grow at the rate of 47 per cent a year to reach \$2,200m by 1983.

Swiss consultants, Holderbank, have won a \$1.5m contract for the expansion project at the Jordan Cement Factories Company's plant at Fuhels, north-west of Amman.

Holderbank will carry out feasibility studies, and then provide designs and tender documents for the 2,000 tons per day sixth kiln, as well as supervising construction and commissioning

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UK NEWS

Government planning State shares offer

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is drawing up plans to expand employee share ownership by offering shares in State-owned industries to workers on preferential terms.

General Election manifesto, was confirmed yesterday by Mr. James Prior, the Employment Secretary, when he said that the Government was more interested in this form of employee participation than in the last Government's plans for "worker-director" legislation.

One of the first announcements from the Industry Department is likely to concern the future of the merchant shipbuilding yards of British Shipbuilders, some of which face the threat of closure.

Midland Bank to offer mortgages

By Michael Lafferty, Banking Correspondent

MIDLAND BANK is entering the home loans market after similar moves by Lloyds and Williams and Glyn's.

Soviet ship 'incursions' cause little damage

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

WESTERN SHIPOWNERS, who have mounted a big campaign in recent years against the growth of the Soviet merchant shipping fleet, have so far suffered minimal damage on only one shipping route.

However, in terms of liner vessels (general cargo ships operating on fixed routes) the report says the Russians' fleet has a capacity of 5m deadweight tons, which is double the maximum capacity required for the country's own cargoes.

Here, the report says, the growth in rail traffic has merely matched total trade growth between the two regions, although shipowners have recently been forced to cut some rates to match those charged by the railway.

Although regarded as unofficial, the report's findings undermine to some extent the position adopted on the question by Western Governments and the EEC in recent years.

Elsewhere says the report, Soviet undercutting has exacerbated a depressed market situation. But even on the North Atlantic route it has not done serious damage to western interests.

Future expansion of the Russian fleet will, the report says, result in reduced dependence on western vessels for bulk cargoes.

Lloyd's broker may face suit

BY JOHN MOORE

SEVERAL LLOYD'S underwriting syndicates, led by H. G. Chester's marine syndicate Number 65, plan to sue C. E. Heath, a major insurance broker in the market.

Because the action is unprecedented the underwriters have sought permission from the 16 strong ruling committee of Lloyd's to proceed.

The dispute arises from a reinsurance package which C. E. Heath arranged with Oceanus for the syndicates after the syndicates had insured containers for CTL, a New York container group.

Miners call for use of waste heat

By John Lloyd

MINEWORKERS' leaders are calling for a radical change in the UK's energy policy.

The call for greater use of waste power station heat came from Mr. Joe Gormley, president of the National Union of Mineworkers, and Mr. Lawrence Daly, the NUM's general secretary.

Turnover in unlisted company shares grows under rule

BY CHRISTINE MOIR

TURNOVER is growing in the shares of unlisted companies where dealings are done under a Stock Exchange "grace and favour" rule.

Mr. Charles Eglington, chairman of the sub-committee and one of the two council members responsible for the Exchange's quotations department, said the investigation is in its early stage.

The Stock Exchange is worried, however, that the route also bypasses the listing agreement regulations, particularly on disclosure, and opens a market for companies with no visible track record.

The principal differences between the terms offered by the clearing banks are that the Midland scheme allows a repayment period of 25 years, against 20 years for the other two, while Midland's interest rate is 1 per cent lower.

Inflation accounting 'urgent'

By Michael Lafferty

THE NEW inflation accounting system should be implemented quickly, Mr. Donald Grant, president of the Scottish Institute of Chartered Accountants, said yesterday.

He said that the Chancellor in his Budget speech last week had issued "an invitation—if not a challenge or a veiled threat" to the accountancy profession to co-operate with the Inland Revenue in finding a basis for making inflation-adjusted accounts suitable for taxation.

British Aluminium to more than double aerospace alloys output

BY ROY HODSON AND LYNTON MCLAIN

BRITISH ALUMINIUM is more than doubling its production of aerospace alloys in the coming year to seek a dominant position in the booming European aerospace market, together with major growth in world sales.

Further investment in plants and marketing backup will be made in the aerospace materials sector to catch the present floodtide of demand.

It is likely that the company will now consider further capital investments in new extrusion facilities at a British works for increasing output of aerospace tubes, extrusions and bars.

Traditionally the North American aluminium companies have provided a large proportion of the metal needed by European aerospace companies. But the sudden surge in demand by the international aerospace industry is causing shortages of the metal.

U.S. aluminium producers are having difficulty in supplying all the metal that European aerospace now needs.

In Europe, Pechiney is the biggest competitor, with production lines for both sheet and plate and expansion plans in hand for its plate facilities.

BNOC in £2.5m oil industry computer development deal

FINANCIAL TIMES REPORTER

INTERNATIONAL Computers Limited (ICL) and the British National Oil Corporation (BNOC) have signed a £2.5m agreement to develop large computer systems for the oil industry.

One task will be to adapt applications programmes written by consultants and independent software companies, at present designed to run on International Business Machines computers, so that the programmes will be able to run on ICL machines.

The project is expected to take about two years, during which the expenditure on software and hardware could rise to between £4m and £5m.

Next week, volume could be boosted again by yet another new share placing under the rule.

For the past two years Mr. Stocken has been an executive director of Esperanza Trade and Transport, the international services group in which Rothschild Investment Trust and Guinness Peat have important stakes.

The present head of corporate advice at Barclays is Mr. Patrick Moorsom, who now takes over responsibility for international co-ordination of merchant banking services.

Stocken joins Barclays

BY MICHAEL LAFFERTY

MR. OLIVER STOCKEN, a former head of corporate finance with the merchant bank, N. M. Rothschild and Sons, is to join Barclays Merchant Bank as a director with specific responsibility for the corporate advice division.

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Agent CREDIT LYONNAIS

April 3rd, 1979

Manchester to build £14m world ice skating centre

BY OUR NORTHERN CORRESPONDENT

A NATIONAL ice-skating centre and indoor stadium costing £13.8m is to be built by Manchester City Council on a site close to the now disused Central Station.

The project, which will be backed by a £3.5m Sports Council grant, is intended to meet the need in Britain for an international class centre comparable with those in many Continental cities.

The Manchester authorities feel that the scheme will also help to bring in more visitors to city centre shops, hotels and restaurants.

The other rink will be devoted to training young skaters and British ice hockey players.

The Manchester Skating Association, the governing body for amateur skating events, has agreed to arrange for major events, including national championship competitions and ice galas, to be held in the centre regularly.

The machines were sold for £25,000 at a public auction to Myson, which produces central heating equipment.

They are Mr. Jack Springs and Mr. Dick Jenkins. They appear in the High Court in London this morning as a result of legal action initiated by Henry Butcher, auctioneers, aimed at recovering four spot-welding machines used to produce central heating radiators before the co-operative went into liquidation two months ago.

Myson wanted to remove the machines but then agreed to negotiate with the American company to re-sell them. Negotiations started at £75,000, which in its view was the correct value of the machinery.

Two SHOP stewards who were directors of the former Kirkby Manufacturing and Engineering workers' co-operative on Merseyside have been served with a writ aimed at removing an alleged blockade of the co-operative's machinery sold to the Myson group two weeks ago.

Laetr Myson said it was consulting its solicitors to see what steps could be taken to collect its purchases.

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A DETAIL from Le Pêcheur à la Ligne by Renoir which is the highlight of Sotheby's sale of Impressionist paintings on July 4.

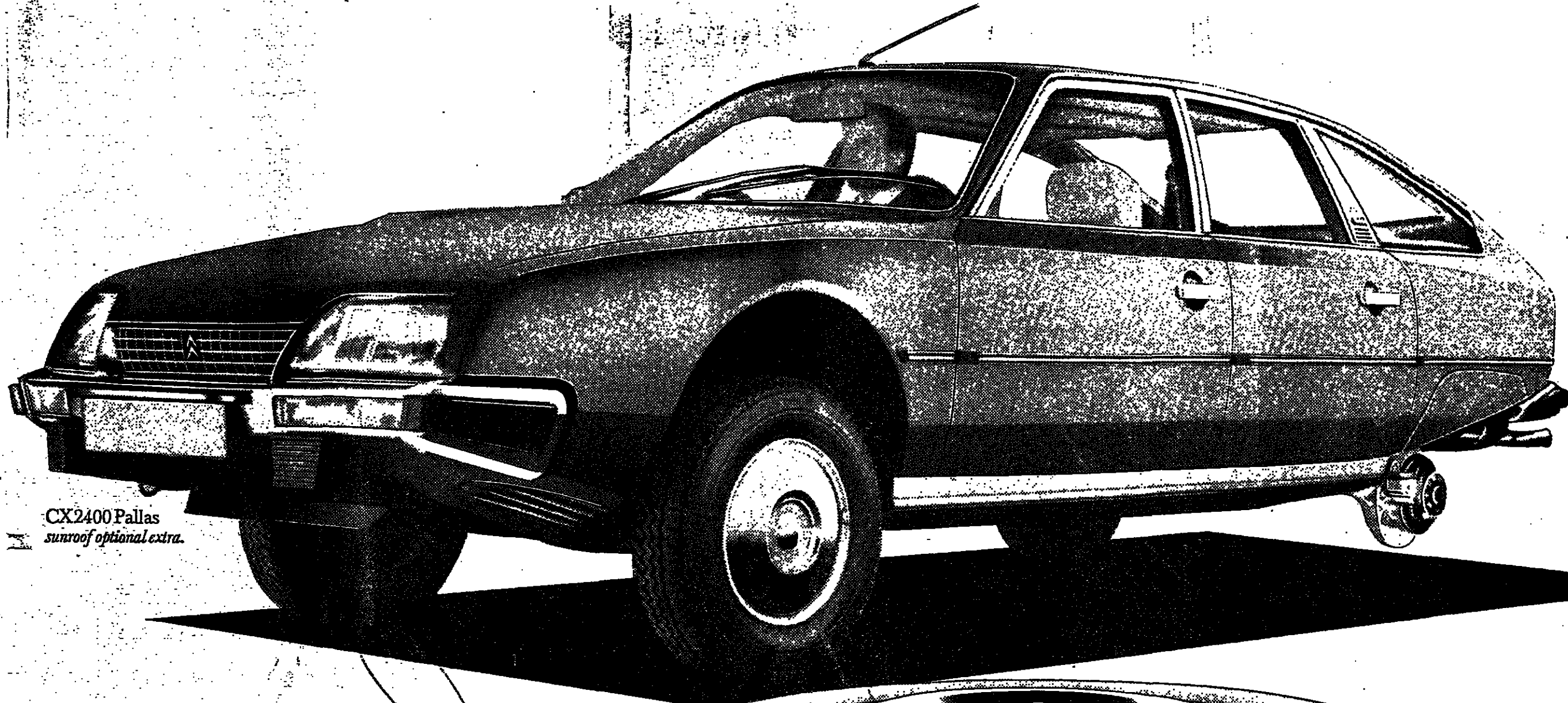
It was originally bought for FFr 180 in 1875 at the famous auction at the Hôtel Drouot organised by the Impressionists to gain recognition and money. Now it could make more than £500,000 for its owners, Mr. and Mrs. Nigel Brookes.

Other good prices were the £23,000 for a Swiss gold and enamel automata snuff box of around 1820; £18,000 for a gold mother-of-pearl and enamel snuff box of 1747; and £17,000 for a French gold enamel and mother-of-pearl aide-memoire of 1748.

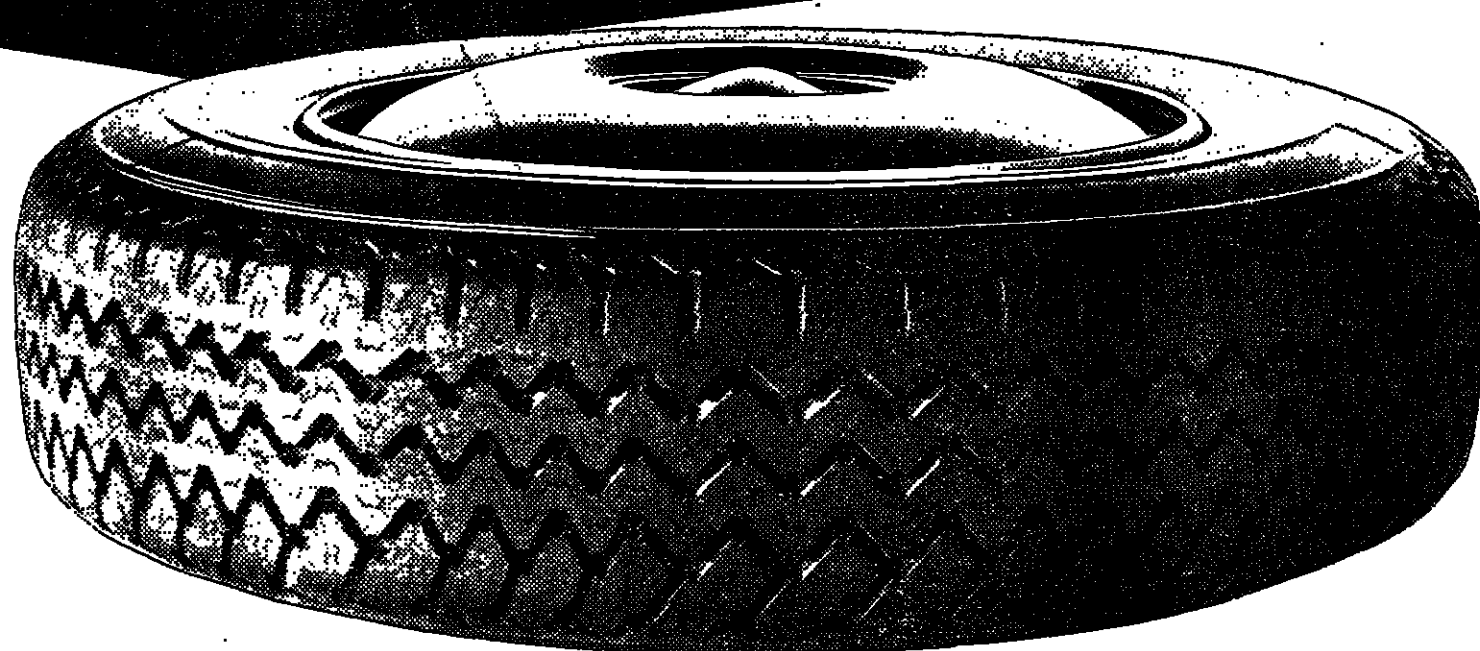
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CX2400 Pallas sunroof optional extra.



Remove the nearside rear wheel of the Citroën CX with the engine running and the suspension at its highest setting, and the suspension automatically compensates to keep the car level.

More impressive, the car could now be driven on three wheels.

The practical benefit of all this becomes apparent when considered in terms of everyday driving conditions on the road.

If you had a blow out on any wheel at high speed the self-levelling suspension would allow the CX to continue on course as if nothing had happened.

Remarkable though this may be, the outstanding engineering achievement of hydro-pneumatic suspension is the way it combines an uncommonly smooth and comfortable ride with tenacious road-holding.

An additional contribution to road-holding comes from Citroën's VariPower steering. Extremely light at low speeds, VariPower scores over other power steering systems in that it grows progressively firmer with increasing speed on the open road. It also prevents wheels being deflected by loose stones or uneven surfaces.

The combination of front wheel drive with VariPower steering adds yet further to the car's handling characteristics.

The CX offers all this on one of the most luxuriously appointed range of saloon cars on the road today. It is a spacious car with superbly designed,

cloth upholstered seats that are more comfortable than many a favourite armchair.

When you add it all up, the CX is truly remarkable.

But of course.

How else would you describe a car that can be driven on three wheels?

A selection of the 15 models in the CX range			
Model	BHP	Top Speed	Price
CX2000 Super	102	109mph	£5795.62
CX2400 Super (5 speed)	115	112mph	£6479.58
CX2500 Diesel Super (5 speed)	75	97mph	£6732.48
CX2400 Pallas (5 speed)	115	112mph	£7131.15
CX2400 Pallas (C-matic)	115	111mph	£7335.47
CX2400 Pallas Injection (C-matic)	128	112mph	£7798.92
CX2400GTi Injection (5 speed)	128	118mph	£7776.50
CX2400 Safari Estate	115	108mph	£6656.49
CX2500 Diesel Safari Estate	75	90mph	£7038.95
CX2400 Familiale	112	108mph	£6778.58
CX Prestige Injection (C-matic)	128	112mph	£10,416.41

Prices include car tax, VAT, and inertia reel seat belts, but exclude delivery charges £83.95 (inc. VAT) and number plates. Prices correct at time of going to press. All Citroën cars have a 12 months unlimited mileage guarantee. Check Yellow Pages for nearest dealer and ask about our Preferential Finance scheme. Please enquire about our Personal Export, H.M. Forces and Diplomatic schemes to: Citroën Cars Ltd., Mill Street, Slough SL2 5DE. Tel: Slough 23808.



# COMPAGNIE FINANCIERE DE SUEZ

The Annual General Meeting of Compagnie Financière de Suez was held in Paris on the evening of June 18, 1979, and was followed by an Extraordinary General Meeting.

The following is a translation of the statement made by the Chairman, M. Michel Caplain at the Annual General Meeting—

We are today experiencing an economic situation giving grounds for hope or anxiety are intermingled.

I think the most important encouraging factor is that we are moving towards a free economy which allows us to hope for and even begin to achieve a return to fundamental stability.

It is of course not easy to abandon planning policies which have hampered growth for forty years and even in certain cases stifled the French economy. Today however, the change of direction seems to have been firmly taken, particularly with the return to freedom from price controls which brings business leaders face to face with their responsibilities and gives every opportunity for success to those who can become competitive.

It might have been feared that after forty years of controlled prices this new policy would meet with both resistance from the Administration which to retain its power might empty it of any real content, and scepticism from industrialists disappointed too often by short-lived promises, who might rush to fill the vacuum by brutally raising the price index to unacceptable levels. In fact, the experiment appears to have been a success and it is now generally admitted that there can be no question of reversing this policy.

It is in any case an essential requirement if our industry is to overcome the difficulties it faces and if our national economy is to recover its basic stability. It is true that present day circumstances are not very favourable to the industry, but there is an area in which it has been more or less achieved against all expectation and that is the field of foreign balances, which has had the effect of stabilising the franc for several months.

In contrast with these grounds for hope or even satisfaction, the economic situation contains several black spots, of which the two most important are the employment situation and international payments.

The employment problem is and will unfortunately remain a cause for concern. There are three contributory factors to the present imbalance: firstly, changes in population, whereby people born in the years of high birth-rate after the war are starting work at a time when those born during the years of low birth-rate during the 1914 war are retiring; secondly, the increase in productivity, which in many fields necessitates cut-backs in the labour force that must be made if firms wish to remain competitive; and finally, the continued low rate of growth, which is not sufficient to compensate the effect of increasing productivity.

This situation is disturbing in both economic and political terms and painful on the social level, and obviously requires generous solutions, especially in the areas most affected. The best way of mitigating the crisis, however, is not to rigidly maintain present patterns of employment at any price, but to encourage flexibility and mobility of the labour force, which is the only way to match supply with demand. For the paradox of the present situation is the continuous existence of a large number of unfilled vacancies, and everyone knows that it is only the difficulties in dismissing employees when necessary which prevent many small and medium-sized firms from hiring the people whom they have enough work on their order books.

The greatest cause for concern at present is the international situation which is all the more disquieting since there is practically nothing we can do to change it and all we can do is to endure it.

Political unrest, monetary disorder, supplies of raw materials and energy sources, these are our chief fears; but the root of the matter can be summed up in one sentence: the West is afraid of an oil shortage.

I think the difficulties of this situation should not be underestimated or exaggerated. We are not so far faced with a political phenomenon, even less with a moral phenomenon, as to return to some problematical fair price. The situation arises purely and simply from the application of the laws of a market economy by an international cartel of producing countries, and this enables us to measure both the gravity and extent of the situation.

Before the Iranian crisis, there was on the whole overproduction of oil and the OPEC countries found it difficult to defend the prices they had fixed.

A slight fall in supply was enough to bring about the present chaos. Prices will therefore remain on the high side so long as supply is not equal to demand.

The trend could however be reversed as soon as demand ceases to be higher than supply, thanks to energy savings or to new resources.

Meanwhile, we are experiencing a new transfer of purchasing power which will have an adverse effect on the rate of inflation and risk jeopardising the success of the Barre plan.

However, French people will certainly not overcome present difficulties by yielding to panic buying or keeping gold hoards. There are two reasons for thinking that the fears generally expressed or felt are perhaps excessive. The first is that this is not a crisis but a general one and that its consequences, notably inflation, are probably less difficult to bear and contend with when they obtain elsewhere as well as in our country.

The second reason is that the imbalance is only marginal and that the slightest move towards a sensible and concerted policy of energy saving or a new limited discovery of oil would completely change the whole aspect of the problem.

# UK NEWS

## Meter readers use computers in home billing experiment

BY DAVID FISHLICK, SCIENCE EDITOR

DOMESTIC ELECTRICITY bills are being worked out and printed the spot by meter readers equipped with miniature computers in an experiment just begun in Scotland by the South of Scotland Electricity Board.

If successful, "doorstep billing" could eventually save the industry several million pounds annually in postage and through speedier payment of bills.

First details of the experiment were disclosed at an electrical producers' conference in Warsaw, which was told that it took only 10 seconds to calculate and print a bill.

None of the other 31 nations represented at the conference indicated that it was studying similar schemes, although cost savings in customer billing was an important topic.

The experiment began with an idea from Plessey Microsystems, which the Electricity Council has supported on behalf of the UK industry.

The company worked closely with the South of Scotland Electricity Board in developing a computer no bigger than a large handbag, which the meter reader can carry comfortably by shoulder strap.

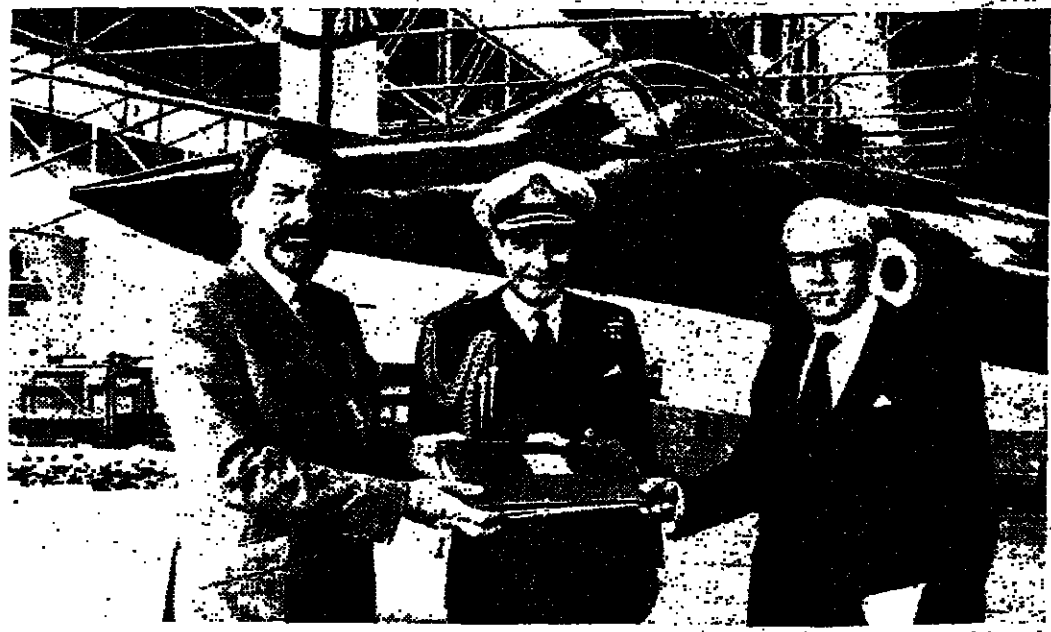
Proving trials with eight computers have just begun at Greenock, where each meter reader is calling on about 200 of the electricity board's customers each day.

Each computer is programmed daily with details from a central computer to the customers on his round, including such advice as when not to call on customers who have made special arrangements for paying bills.

Mr. Roy Berridge, chairman of the South of Scotland Electricity Board, said the experiment was not taking place in Scotland because they had any special problem with unpaid bills.

He believed it could mean that bills were paid, on average, from three to five days sooner. This would be worth about £500,000 a year to the Board.

But Mr. Berridge emphasised that his board was moving warily in introducing doorstep billing.



## The Sea Harrier joins the Navy

BY LYNTON McLAIn

THE FIRST production Sea Harrier for the Royal Navy was handed over yesterday. British Aerospace's Dunfermline test airfield in Surrey, with the prospect of imminent export orders.

The Royal Navy has ordered 34 of the £2m Sea Harrier and the Indian Government is expected to place the first export contract for six aircraft this summer.

Other Governments, including France and Spain, are known to be interested. Spain already has 13 earlier type Harriers and Sea Harrier projects were discussed this year when Admiral Sir Terence Lewin, the First Sea Lord, visited Spanish officials.

British Aerospace said yesterday that a total of 100 navies had tested the Harrier in flights from more than 15 ships.

The aircraft at the centre of the ceremonies yesterday were the Royal Navy's first new command cruiser, next summer.

In the meantime, it will be from the Navy's first vertical take-off trials unit at Yeoville Somerset.

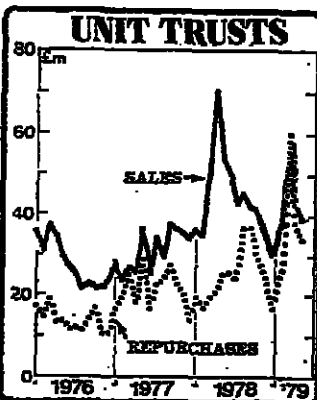
Squadrons of Sea Harrier will join Illustrious and the new Ark Royal command ship in the 1980s and aircraft will also be assigned to Heron after its ski-jump take-off is fitted next year.

## Unit trusts blame fall in receipts on market

By Eamonn Fingleton

THE STOCK MARKET'S disappointing performance following the Conservatives' election victory was blamed yesterday for a fall in the unit trust industry's net receipts from investors.

Net new investment in units in May slumped to only £4.8m



—the second worst figure since 1977.

The industry's sales totalled £39.4m, a fall of £4m on the April figure. Repurchases from investors cashing in their holdings also fell — from £38m to £34.6m — but this was still a considered a disappointing figure.

Mr. Edgar Palamontain, chairman of the M and G group, commented: "The disappointing trend of the stock market was the main reason for both the fall in the industry's sales and the high level of repurchases. Repurchases may also have contained a seasonal element reflecting cashing-in by people paying for holidays."

## BL's Honda contract 'ready by September'

BY LISA WOOD

THE CONTRACT with Honda for BL to produce a new Honda-designed car in Britain from mid-1981 will be finalised before September, said the Japanese manufacturer yesterday.

Honda and BL said last month that they had reached a basic agreement that the car would be produced at BL's Speke plant, Liverpool, and at Canby, Coventry.

The new cars will be produced under license at an initial annual rate of 50,000 to 60,000. Some items, such as engines and transmission systems, will be supplied by Japanese manufacturers.

Honda and BL are still discussing terms of the contract, including details of the supply building formula. Honda is studying plans to increase its imports of vehicle parts from Britain, including parts from BL-affiliated manufacturers.

BL said final approval to the deal should be given by the National Enterprise Board and the Government by August, so that the contract would be complete by September.

## BR team to advise on U.S. rail developments

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

TRANSNARK, British Rail's consultancy subsidiary, has won a contract to advise the U.S. railway authorities on the upgrading of services between Washington and Boston.

The consultants will help establish a timetable and an operational control centre in Philadelphia similar to that of Crew, which oversees services on BR's London-Midland region.

BR will also assist General Motors in adapting a Swedish electric locomotive scheduled for use on the 130 mph Washington-New York service from 1983.

BR also hopes to sell the Americans the technology behind the 150 mph advanced passenger train, which is now being tested before entering service in Britain later this year.

The advanced train, with its high-speed cornering capability, could be suitable for the New York-Boston run, which has many officials from the U.S. Transport Department and AMTRAK, the federal rail passenger authority, have already visited Britain to inspect the train.

## Storm over prescriptions

FINANCIAL TIMES REPORTER

REPRESENTATIVES OF 9,600 High Street chemists are to hold an emergency meeting to discuss the impact of higher prescription charges on their businesses.

The chemists claim the increase in prescription charges from 20p to 45p, announced in the Budget last week, will make them worse off, and they are taking the opportunity to complain again about their contracts with the Government.

Mr. Alan Smith, chief executive of the Pharmaceutical Services Negotiating Committee, said yesterday that unless the contract were changed to give chemists a fairer deal, they might have to consider resigning from the contracts.

If they did, this would mean they would no longer handle National Health Service prescriptions. While such a drastic step is unlikely, the chemists are clearly concerned that they will have to bear additional administrative costs in collecting the higher prescription charges without an improvement in their contracts.

In support of their claim that the present contract fails to reward hard work or increased efficiency, the chemists argue that the number of chemists' shops in Britain has substantially declined and will continue to do so unless contract terms are improved.

The project, foreshadowed yesterday in the compar annual report, is expected result in a system identifying and quantifying amount a quality of coal at most sites the world.

The report says that 7 experimental pressurised, fluidised bed combustion plant built at Grimethorpe, York under the IEA's auspices shot be ready for commission later this year.

Fluidised bed combustion could overcome the major operational problems encountered in low-grade coal power generation, those of excessive corrosion and fouling of heat exchange system.

## Industrialised countries 'face leap in inflation'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE INFLATION performance of the major industrialised countries this year could be the worst since 1975, according to City stockbrokers Phillips and Drew.

In a new analysis of oil and the world economy, the brokers estimate that higher oil prices will directly add 1½ percentage points to the average inflation rate this year.

The annual rate of increase of consumer prices among industrialised countries of the Organisation for Economic Co-operation and Development is estimated at 8.7 per cent this year and 8.2 per cent in 1980. This compares with 7 per cent last year. Apart from oil prices, upward pressure is also expected to come from rapid earnings expansion in the U.S. and the UK.

## Slack growth

Total output in the OECD will probably increase by only 1½ to 2 per cent in 1980 after an expected rise of 3 per cent this year. The direct impact of oil price projections—about 30 per cent higher in both 1979 and 1980—coupled with the probability of weaker demand in the oil-producing countries, may reduce the total output of industrialised countries by between ½ and ¾ of a percentage point in both years.

The average rate of growth in

## CONTRACTS

### £750,000 job at Cornish pasty factory for E. Thomas & Co.

Building and civil engineering contracts in the West Country worth £2m have been awarded to E. Thomas & Co., a member of the Mowlem Group. E. Thomas has started work on a £750,000 contract for the English Industrial Estates Corporation for construction of a single-storey production extension for Ginter's pasty factory at Callington, East Cornwall. The corporation has also awarded a £100,000 contract to build a 10,760 square feet single-storey extension to Bramwell David's furniture factory at Penryn. Other orders include the construction of a high sea defence wall at Ilfracombe for the South West Water Authority for £500,000 and a £300,000 sub-contract from Matthew Hall Ortech for the design and construction of reinforced concrete slab foundations and retaining walls at Gevor Tin mine, St. Just.

West German Federal Government and installed on a site donated by the Berlin authorities. The quadrupole magnets to be used at Berlin are similar to the Hamburg magnets, although they are shorter and use copper coils instead of aluminium.

The Department of the Environment has awarded a £12,000 contract to B. AND B. BOILERS for three 15m BTU hour single-furnace and fully packaged coal-fired boilers. They will be manufactured at the company's works at Bracknell or delivery at the end of July.

The Royal Ordnance Factory, Patricroft, Manchester, has placed a £130,000 order for two containerised mobile swarf treatment and oil reclamation systems.

PYE TVT has received a contract from the Independent Broadcasting Authority worth around £280,000. Two specially developed 10 kW UHF television transmitters are to be supplied and installed in British standard freight containers. The transmitters are for use either as completely self-contained independent units or for operation together in parallel or main and standby configurations. The containers, which can be loaded on any standard low loading vehicle, will be complete with their own self-contained cooling and RF switching facilities.

Conyers, a subsidiary of Dale Electric of Great Britain, is having a 1,800 square metres despoke factory built by the English Industrial Estates Corporation on the Department of Industry's site at Cayton Road, Scarborough. The building contract, worth about £243,000 has been awarded to QUIBELL AND SON (LTD).

Work has started and completion is scheduled for January next year.

Following the recent commissioning of the West German positron-electrode tandem ring accelerator at Hamburg, which uses 250 Lintott quadrupole focusing magnets, LINTOTT has received an order worth more than £180,000 for similar magnets for a new accelerator in Berlin. This will be a smaller acceleration

## Sandelson & Co

In our issue of June 8 stated, in relation to the report of the Department of the Inspectors into Larkford III, that they had castigated (among others) stockbroker Sandelson and Co. for permitting Larkford's funds to be misused and for not accepting or calling out the responsibilities that their position in fact inspectors' report made criticism whatsoever of Sandelson and we wish to apologise unreservedly for this error.

## World coal deposits to be computed

By John Lloyd

NCE (IEA Services), the subsidiary of the National Coal Board which operates under auspices of the International Energy Agency, is to build a computer-stored assessment coal deposits throughout world by 1982.

All of these Securities have been sold. This announcement appears as a matter of record only.

June 1979

524,004 Shares



## Atlantic Research Corporation

Common Stock

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- WERTHEIM & CO., INC.
- DEAN WITTER REYNOLDS INC.
- HAMBRECHT & QUIST
- BEARDSLEY BISHOP & CO.
- BUCKMASTER & MOORE
- CREDIT COMMERCIAL DE FRANCE
- HAMBURG BANK
- SAMUEL MONTAGU & CO.
- PICTET INTERNATIONAL

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UK NEWS - LABOUR

Shotton workers seek new structure

FINANCIAL TIMES REPORTER THE GOVERNMENT is being asked to take the Shotton steelworks, threatened closure out of the control of the British Steel Corporation, it was disclosed yesterday.

S. Wales rail strike after crew censured

BY NICK GARNETT AND ROBIN REEVES BRITISH RAIL services in South Wales were severely disrupted yesterday after a train crew deliberately ignored service cuts introduced by management last week to save fuel.

waymen fear these reductions could become permanent. Discussions were taking place last night to try to end the dispute. The arbitration panel which is considering a 17 to 20 per cent pay claim from 15,000 workers on the London Underground was told by the National Union of Railwaymen yesterday that the union would take any action necessary to secure what it believed to be justice for its members.

among NUR members. The union's membership was united in its resolve to secure a just settlement and would not be "fobbed off" with a deal which further reduced living standards. Tube action London Transport has offered 10.3 per cent to the three rail unions with members on the underground service. But the NUR told the panel that the restoration of April, 1975, pay levels required basic rate increases of almost 17 per cent for railwaymen, and up to 25.3 per cent for top grade supervisors.

Lester gives details of job scheme cuts

BY OUR LABOUR EDITOR DETAILS OF the Government's cut in the Manpower Services Commission budget for special employment programmes were given yesterday by Mr. James Lester, Employment Under-Secretary, in a parliamentary written answer.

would be from the Special Temporary Employment Programme, reducing the expected number of places from 30-35,000 by the end of next March, to 12-14,000. These would be concentrated in "areas of greatest need". The budget for the Youth Opportunities Programme is reduced by £25.2m. Mr. Lester said the aim would be to "remain within the range" of the 100-120,000 places filled at the peak of the 1979/80 financial year.

Coal Board to consider Gormley plea for pit

BY ROBIN REEVES THE NATIONAL Coal Board met yesterday to examine a plea from Mr. Joe Gormley, the National Union of Newworkers' president, to reconsider its decision to close up Duffryn Colliery, South Wales.

by other coal industry unions and by local authorities in the area, which is already suffering above-average unemployment. Salvage work at the colliery is already underway and the NCB plans to transfer the workforce of some 550 to other pits. But should it rule out a reprieve, the South Wales executive of the NUM is anxious to hold a coalfield ballot in favour of taking industrial action to oppose the closure.

Local miners' leaders argue that the shutdown of Deep Duffryn will open the way for the closure of other collieries in South Wales. "Even so, more people would be able to benefit from the programmes this year than last." The period of the grant would be reduced, and less expensive places would be provided. Finally, £1m would be cut from the Community Industry scheme. It would expand from 5,200 places to nearly 6,000, or about 1,000 less than proposed under the last Government. It was said at the time of the Budget, when a total of £170m was announced as the planned saving, that the expansion of special measures was being curtailed by concentrating aid in the special development areas, the development areas and the inner cities.

Action may hit London hospitals

Several London hospitals could be hit by lightning strikes in support of a sacked union official, it was claimed yesterday. They are expected to follow the lead given by members of the National Union of Public Employees at Hammersmith Hospital, West London, who begin a 34-hour walk-out at 6 am on Friday next week.

Gas clerks will fight for higher offer

SECTIONS of white-collar staff working for British Gas are expected to call for strike action unless the corporation improves an informal pay offer of about 9 per cent. The National and Local Government Officers' Association, the largest white-collar union in the corporation, and MATSA, the white-collar section of the General and Municipal Workers' Union have rejected the offer, made during a meeting of a joint management-union working party studying pay proposals.

Industrial group of NALGO, which represents 45,000 of the 55,000 workers. The immediate threat of strike action has come from MATSA, which represents 6,000 staff. A recalled conference of the union called for action unless substantial improvements were made in the offer. A settlement is due next month. Mr. Maurice Reed, MATSA national officer, said the corporation could afford to meet the union's claim, which it estimates at about 30 per cent. NALGO has sought a new minimum of £65 and substantial increases on basic pay to offset erosion in living standards since 1975.

The industry's 43,000 manual workers recently settled on about 10 per cent after protracted negotiations.

Rists engineers return to work

ABOUT 200 striking engineers at Rists Wires and Cables, of Newcastle-under-Lyme, North Staffordshire, have voted to accept a revised pay offer and end their two-week dispute. They walked out over a pay claim and later rejected a 14 per cent offer, demanding an extra 2 1/2 per cent and £450 productivity back pay.

Hands off shipbuilding, Tories told

IF THE Government does not continue to develop such policies as improved credit financing, flexible price subsidies and more defence orders for the shipbuilding industry there will be "chaos, anger and confusion," warns one of the industry's leading trade unionists.

Society, says in its newsletter that the Government has yet to emerge with any firm proposals for shipbuilding. "But what has been said, by some Tory MPs, is that as soon as each or any subsidiary in shipbuilding becomes viable and profitable it will be hived off."

entities in obtaining a sufficiency of orders and the maintenance of the labour force. "We must say to the Tories, 'Hands off our industry'." Mr. Chalmers calls on Sir Keith Joseph, Secretary for Industry, to consult and communicate with the unions before reaching any decisions of the kind that could create unnecessary industrial unrest and possibly strikes.

Hall Engineering Board posts

Mr. J. Parsons and Mr. E. K. have joined the Board of LL ENGINEERING (HOLDINGS) as non-executive directors. Mr. John Williams, group chief rating officer, is to retire from INTERNATIONAL because of health. Mr. Williams, who joined BOC in 1953, has been appointed to the Board of I in 1969. Until last year he was managing director of BOC Limited, the subsidiary trading in UK Europe. He was then joint group chief operating officer of the parent company, International.

come head of management services at the Guildford head office of the CORNHILL INSURANCE COMPANY from July 1. He will succeed Mr. J. S. Rawlings, who retires at the end of this month after 44 years with the group. Mr. David Walton, previously deputy chairman of the SCOTISH METROPOLITAN PROPERTY COMPANY, has been appointed chairman following the death of Mr. Isadore A. Walton, chairman and managing director. Mr. David Walton and Mr. Gordon S. Milne, who were joint assistant managing directors, have become joint managing directors.

selected the following officers for 1979-80: Mr. W. M. Lee, president, Mr. P. de Trey, vice-president, and Mr. L. E. Shadbolt, honorary treasurer. Mrs. Isabel Cosgrove, an Oxford lecturer and tutor in geography at Queens College, has been made the first tourism project officer for Oxford under a two-year appointment from next month. The post has been paid for by the English Tourist Board. Mr. Brian Allen has been appointed to the newly-created position of director of the FAR EASTERN FREIGHT CONFERENCE. The post is part of the recent re-organisation of London FEFC secretariat dividing the secretariat into three divisions—central, economic and finance, and commercial. The division is headed by an assistant director who will work under Mr. Allen. Mr. William Voss has joined BUCKMASTER AND MOORE stockbrokers, as a senior institutional salesman. He will be an associated member of Buckmaster and Moore. The Secretary of State for Social Services has appointed Professor Roger Dyson as his consultant adviser on industrial relations in the NHS.

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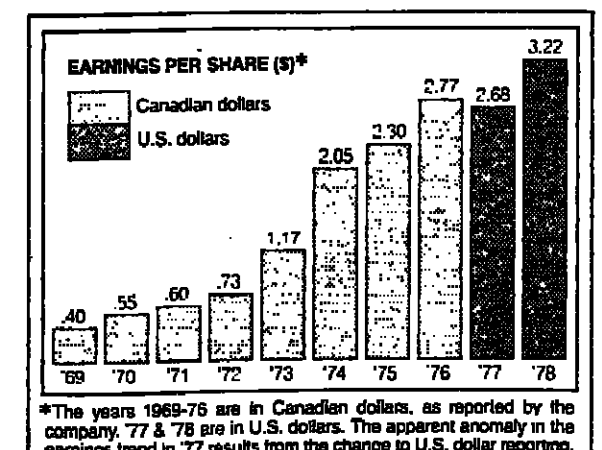
Table with columns: EARNINGS PER SHARE GROWTH RATE 1968-1978, Rank, 1978 SALES & RANK IN FORTUNE 500. Includes handwritten notes: 'Dominion Bridge/AMCA 29%' and '33%'.

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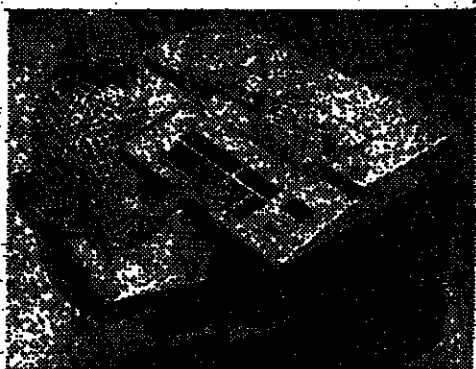


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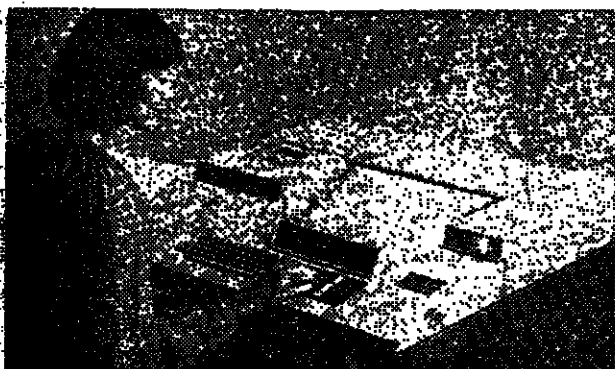


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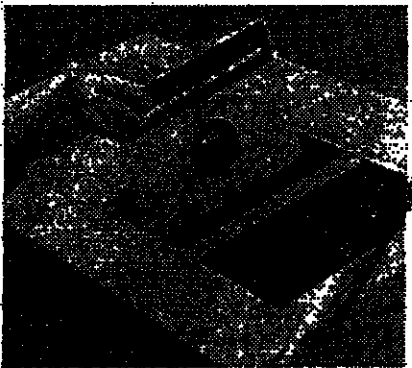
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# PHILIPS





# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## TEXTILES

### Designed to produce a fancy yarn

ALTHOUGH THERE is a general depression in sales of textile machinery, a few bright spots indicate that business is brisk.

One such area is in the production of fancy yarns such as are widely used in decorative fabrics and furnishing cloths. This interest has also extended into the area of knitted fabrics where speciality effects are being used to stimulate trade.

A new machine for the production of this type of yarn has been developed in Ulster by the company James Mackie and Sons (POB 149, Belfast, BT12 7ED, Tel. 0232 27771) and is being marketed as the "Novo-style" frame.

In a single operation the machine combines both spinning and fancy twisting. It is able to spin yarns and give the fancy effect a draft from 10 to 80 through the DASN drafting system. This feedstock will be provided from large capacity silver cans or from 14 in by 11 in heavy duty sliver bobbins and it is possible to feed in a sliver up to a weight of 10 grams/metre.

The yarns that can be spun range from Nm0.85-Nm40 which can be shown as cotton counts 0.5-24 cc, while the range of fibres that can be processed are

## COMPONENTS

### Small gas sampling pump

A SMALL reciprocating pump particularly intended for air and gas sampling systems at up to 2.5 litres per minute flow rate has a DC motor, ball bearing eccentric and specially moulded rubber diaphragm, making it very suitable for use in portable equipment running off self-contained batteries operating in the 6-12 volt range.

Body mouldings are made of glass filled polypropylene and an optional mounting bracket is available. Alternatively the pump may be panel-mounted using a single fixing nut. The pump is supplied with inlet and outlet connections can be supplied with a variety of miniature pipe fittings including barb connectors for 2, 3 or 4 mm inside diameter tubing or quick action couplings. Weight of the unit is 80 gm.

The supplier is Research Engineers, Orsman Road, Shore-ditch, London N1 (01-739 7811).

## RESEARCH

### Complex analyses in a flash

"SNAPSHOTS" OF what is happening in a chemical reaction on a time scale of a few billionths of a second can be made by a laser technique developed by IBM scientists.

Far-reaching effects on the understanding of fast-acting chemical events such as combustion in automobile engines, key processes in petroleum refining, and other high-temperature reactions can be expected from its application.

Molecules and fragments of molecules in various energy states taking part in a chemical reaction can be identified by the frequencies of infra-red light they absorb. This standard technique is known as infra-red spectroscopy. In the past, it has not been possible to record a complete infra-red spectrum with a single short laser flash.

This is what the new IBM technique does. It involves two key advances. The first is a

method of generating a flash of infra-red light having a broad uniform range of frequencies which serves as a probe. When this light is passed through the sample, the infrared absorption spectrum of the sample is imprinted on it.

What happens next is the second key step in the technique. The output infrared beam, with the imprinted spectrum, is focused into a chamber filled with potassium vapour. A precisely tuned beam of blue light from an organic dye laser is sent into the chamber at the same time. The two beams of light interact with the potassium atoms in such a way that a large fraction of the energy of the blue light is added to that of the infra-red, shifting its colour into the visible.

In this interaction, the spectrum of the infrared beam, which contains the information about the composition of the sample, is virtually unchanged in shape even though its energy

has been shifted into the visible region. It can however, now be recorded on a photographic plate in a conventional spectrometer.

A broad infra-red spectrum can be recorded in one laser pulse of about five nanoseconds duration and this, a major limitation of infra-red spectroscopy resulting from the fact that photographic emulsions are insensitive to light with a wavelength greater than about one micrometre is overcome, since the infra-red spectral region of greatest interest for identifying molecular species is 2 to 20 micrometres.

Experiments so far have covered the region from about 2.5 to 3.7 micrometres, but the technique is believed to be extendable to the 2-20 micrometre range with the use of other metal vapours.

IBM, Research Division, POB 213, Yorktown Heights, New York 10598, US.

## Energy use in buildings

AS PART of a five-country exercise established by the International Energy Agency to look into energy conservation in buildings, the Building Research Unit at the University of Glasgow, under a £230,000 award is to make a major study of the energy consumption and thermal behaviour of the new Collins' (the publisher) office in Bishopbriggs.

Main purpose is to iron out differences that have occurred in the computer predictions made in the participating countries — Belgium, Canada, Switzerland, UK, and the U.S. A first set of comparisons made a year ago showed considerable variations between results obtained from the five programs.

In the building in Glasgow the weather conditions, all the energy flows, and the resultant environmental conditions in all the rooms will be measured and recorded for a complete year. The large amount of data collected will then be processed into a form to allow comparison with the various computed estimates.

Ultimate object is to provide architects and engineers with appropriate knowledge and techniques to design energy-conserving buildings.

## Surround-sound system

A CROSS-LICENSING agreement has been made by National Research Development Corporation (NRDC) and Nippon Columbia in Japan on the subject of "surround sound" patents.

NRDC is granted licensing rights in respect of patents filed by Nippon Columbia and deriving from its UD-4 disc system.

At the same time the Japanese company has been granted licenses to manufacture audio equipment falling within the claims of the NRDC patents. The corporation has for a number of years been financing

## PRINTING

### Web offset presses

TWO web-offset printing presses intended for high quality commercial work are being introduced by Crabtree-Vickers of Leeds.

The new presses are to be marketed following joint development between Crabtree-Vickers and the Komine Manufacturing Company of Japan where more than 30 presses of this type are already installed. Earlier this year Crabtree-Vickers entered into a marketing and manufacturing agreement with Komine to establish

## LIGHTING

### Long-life lamps promise

ENERGY-SAVING family of lighting products which use less electricity and provide longer bulb life are promised by GE (USA).

The new bulbs, GE asserts, embody the first technology with potential for replacing the common household light bulb, a product invented a century ago.

GE says that commercial, institutional and other uses for the bulb would extend its use well beyond the home.

Electronic Halarc bulbs will not, however, be available to the public until early 1981.

Developed in GE's lighting business group laboratories in Cleveland, Ohio, Halarc uses metal halide technologies incorporated in the company's Multi-Vapor industrial and commercial line, combined with electronic circuitry contained in its base. This allows it to react instantly to compensate for fluctuations in line voltage.

Designed for an average life of four to five years in normal

## ACOUSTICS

### Intercepts piercing noise

RACAL's specialist organisation on acoustics has launched a new series of hearing protectors, headphones and headsets which will be exhibited for the first time at AFCEA 79 exhibition being held in Washington, U.S., June 19-21.

Sonovolve III is designed for use in high noise situations where the user may be subjected to harmful impulse noise such as gunfire. Its attenuating properties are remarkable—particularly at low frequencies. For example, at 63 Hz more than 15 dB attenuation is achieved. This is particularly important for tracked vehicle applications where low frequency noise is predominant.

The noise-excluding earshells have a patented acoustic valve which provides hearing protection against high noise levels when closed but allows the wearer to hear ambient noise such as speech, when in the open position. Additionally a patented explosive noise attenuator is incorporated in both earshells. This device responds immediately to explosive sounds when the acoustic valve is in the open position.

Racal Acoustics, Beresford Ave, Wembley, Middx. HA0 1RU.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

## PROCESSES

### Makes strong pipe-joints without welding

SOLE marketing rights in Europe for a pipe joining process developed in the U.S. — the joints are made without conventional welding — have been obtained by Avon Lippiatt Hobbs.

The joining process called Zap-Lok, is carried out with the aid of a portable hydraulic machine carried on a tractor or, for marine operations, on a pipe lay barge. The process is considered particularly suitable for use in the construction of small pipelines, distribution systems and specialised pipe installations.

In the process, one end of the pipe is expanded or "bellied" and the other end is bevelled to facilitate entry into the "bell" and also grooved to provide a reservoir for an epoxy lubricant which acts as a secondary sealant.

Joining of pipes is entirely a mechanical process and is suitable for pipes with diameters ranging from 2 to 12 in. It is claimed the process produces a strong permanent joint which can be used under the same pressure as would be demanded of steel welded lines.

Three models of the Zap-Lok

## VENTILATION

### Air kept on the move

ADOPTION of modern materials and tighter quality control at manufacturing stage have effected the introduction of new styled powered ventilation units from Powrmet, Winterhay Lane, Ilminster, Somerset (045 05 3538).

Wider choice of five impeller sizes enables power ventilation systems to be matched more closely with the volume of air to be handled, thus achieving optimum efficiency, says the company. Impellers are made of polypropylene to give better pressure development.

Major characteristics include the specifying of Class F insulation standard motors fitted on resilient mountings to reduce noise level to a minimum, rectangular bases to facilitate improved flashing, plus simpler installation.

Additionally, the Powrvents now have deepened cowls to give improved weathering, while Powrjets incorporate non-corrosive glass fibre shutters.

## ELECTRONICS

### Directory of agents

PUBLISHED as a companion volume to the European Electronics Suppliers Guide is a further directory which lists nearly 1,200 firms and agents in 20 countries.

Called the European Electronics Agents Directory, the book is published by C. G. Wedgewood and Company, 14 King's Road, Wimbledon, London SW19 8QN (01-540 6224).

Containing 130 pages in A4 format and costing £15, the directory lists the manufacturers and agents, and then the agents themselves, with names of executives. Most areas of electronics are covered.

## Display terminals

STARTING PRICES of about £400 have been fixed for the Pentland visual display terminals designed and made by CPU Peripherals, Copse Road, Johns, Woking GU21 1SX (Woking 73833).

At this price (applicable to OEM quantities), the model 3 offers 64 displayable ASCII characters, 12 baud rates, switchable full or half duplex operation, 62 keys in standard format, and full cursor control. By making full use of LSI circuits, the company claims to have achieved both excellent performance and high reliability.

Model 4, also introduced, has an additional 11 key numeric pad together with line and page scroll, row interchange, two page video memory, 98 displayable ASCII characters, and optional displayed control codes.

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Particularly suitable for large organisations with many sites, and which demand central control and a variety of jobs, such as data entry message transmission and document preparation the Series 1500 meets many needs.  
The controller will run a terminal work station; provide an intelligent operating system with editing, operator prompting and file-management capability; and interface with other networks. It is compatible with Plessey data-capture equipment and has been designed for both home and international markets.  
The system comprises a console display keyboard and terminal, a teleprinter and a disc controller in a terminal work station, and enables them to function concurrently, thus eliminating the need for operators to wait for one terminal's activity to be completed before another is begun.  
Plessey Communications and Data Systems, Poole, Dorset.



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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

George Bunce on how the agri-industry has learned the lesson of identifying and adapting to changing world trends.

The serious business of real strategic management

ONLY THE best run companies have anything that remotely resembles a sound corporate strategy. Those that do so have no need to broadcast the fact...

crude point to a trend of increased innovation and modified product profiles to maintain profitability, and to a trend of new opportunities for other fuels.

will be blips on the long term trends. Next we must work out how the overall theme will be affected by the various related trends.

its analyses into trends, objectives, plans, actions and results? Almost any agro-chemical company examining the world scene could reasonably conclude that future demand for the industry's products could be strong.

cerned with safety and environmental subjects; reduction of R and D to new innovative thrusts. In this examination of corporate strategy I have suggested that a new dimension is necessary: a wider subject base, structural analysis of qualitative as well as quantitative characteristics.

When a company begins to question staying solely in its present industry, and questions the basis and relevance of its managerial practices, it takes the first steps towards what might be called "strategic management" — the management of change.

Successful management of change requires the explicit endeavour to modify the managerial stance of a company so that it can attempt to foresee all relevant opportunities for potential business activity, and to invest in those which survive the rigours of its strategic analysis and evaluation.

It requires management of change through all levels of the organisation—remembering that people are its most vital resource and that success depends on their positive participation.

TABLE I—AGRO-CHEMICALS: SOME INFLUENTIAL TRENDS

- Changing crop production methods.
● Changing crop yields.
● Incidence of crop damage.
● Plant breeders' new crop varieties.
● Progress of genetic engineering in plant breeding.

THE AGRI-BUSINESS PUZZLE

IDENTIFYING THE UNDERLYING STRATEGIC "THEME"

- Principal trends in all countries, developed and developing:
● 30% of world's population produce 80% of livestock products.
● At current nutritional levels, there is not so much a world shortage of food as an imbalance in purchasing power and distribution—this creates a food shortage in the poor and underprivileged countries.

UNDERLYING "THEME"

- Intensification of production and integration of activities.

Trends

The principal trends that emerge from analysis of this sector are shown in the "Agri-business puzzle" table. The key theme running through all this seems to me to be the intensification of production and integration of activities.

First, we should note that the extent of intensification and integration will vary between sectors in these industries, both in terms of rate of change and the level of activity. Also, intensification and integration will interact upon each other throughout the whole system.

Feasible

In these circumstances, the case for general expansion of production capacities by the industry would be frail, but a case for selective expansion in some product sectors could be feasible. Some sound objectives for the industry might be: closer integration with seed breeding; rationalisation within the industry between producers, blenders and distributors; new structures and methods to expand markets in developing countries; continued and enhanced liaison with governments and organisations concerned with safety and environmental subjects.

Forecasts and plans

The Government had, unusually, presented two Budgets with 13 months between them. What the highly sophisticated system had done, of course, was to interpret the two pre-Budget buying sprees as a rather strange form of seasonal cycle, and project them forward.

"Forecasting: art or science?" epitomises the often-ignored principle that all forecasts — indeed, all calculations — are crucially dependent on the assumptions on which they are based. Put more crudely, it illustrates the difference between data and information (that is, useful data) which is so implicit to Mr. Bunce's argument above.

The anecdote also underlines the fundamental difference between forecasting and planning. The two are far from identical, as will be emphasised by a series of articles on planning which will be launched on this page in the next fortnight. The series will look, in layman's terms, at the chequered history of planning, and will also examine how several very different companies are trying to plan their future in an age of unprecedented uncertainty.

Company chief honoured for getting hands dirty

IF ONLY more of the barons of British industry were as prepared as Jeremy Fry to get their hands dirty (or wet—read on for explanation)!

The eventual result of his company's collaboration with an independent design consultancy, paradoxically called Smallfry, was a shallow draft boat with unusual speed and stability.

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THE ARTS

Stratford, Ontario—1

# Love's Labour's Lost/Henry IV

by B. A. YOUNG

*Love's Labour's Lost*, the first production in the big theatre at this year's Stratford festival, is Robin Phillips' only new work in the first month's programme, and even this he shares with his literary adviser, Urjo Kareto. It looks characteristically lovely under the spreading golden willow tree at the centre of Daphne Dare's set, where the young men-about-court of Navarre lie in the sun while their shirts dry on the fence. It is more like Swift's *Laputa* than a little *Academy*. The period flirts with late Victorian fashion but remains concordant with a curly-haired gramophone (on which Marcade plays a gopak for the "Muscovites" to dance to) and a SMLIE rifle (under whose not very threatening menace Costard is marched away to serve a month on bran and water).

The mood is casual-romantic; even the magical conclusion is softened—mistakenly to my mind—to blunt the sharp incursion of reality into the festive air. Alan Scarfe's King could move into the world of *The Vagabond King* if only his minions would stop lounging around in their braces.

I saw this production twice, because the first performance (in the presence of the Governor General) seemed to me improbably below the standard of Stratford theatre, which is normally as high as anywhere I have been. I am glad I did, even though I missed a *Richard II* at the Avon, Stratford's smaller house, for the second time a new relaxation had fallen on the company, the gabbled speech was properly spoken, the wit thing had taken on a new life.

There are some choice performances. The Princess of France is played by Martin Henry, an actress it is always worth flying 3,000 miles to see, even in a DC-10. She is ravishingly beautiful under an auburn wig, and the firm commonsense she puts into her lines never damps the romance. Domini Blythe is her Rosaline, in a performance full of mischief through which you can descry Shakespeare's cheeky boy actor with his pitch-ball eyes.

On the Navarrese side, she is well matched with Richard Monette's Mercury, whose understated wit gives promise of a notable Benedict one day. For Serowne, a slightly more evasive sense of humour would not in any harm, all the same, and could wish Mr. Monette a more ego line in the long speeches. In this season, with no interlarded stars, the permanent company takes the light more brightly, and Mr. Monette, who also plays Prince Hal and is to play Edmund in *King Lear* later in the year, serves it uncommonly well.

It's my misfortune, but I can't read the polysyllabic jokes of *Armado* and *Holofernes* as funny as they doubtless seemed when they were topical references. (*Love's Labour's*

*Lost* is Shakespeare's *That Was the Week, That Was*.) It is a truly Shakespearean joke, however, to have Max Helpmann give *Holofernes* in the likeness of Robertson Davies, Ontario's G. K. Chesterton.

*Armado*'s played by Frank Maradea, an actor of immense height and negligible girth, who looks wonderfully absurd in his cocked hat and tight uniform coat, yet suggests under his absurdity that he has indeed been a reputable Spanish officer of some kind. It's a pity in a way to cast Richard McMillan, an actor almost as tall, to play Costard, but he fits the part like a glove, a gambler perhaps (and only varies it a little when his name is changed to Francis

They are sung in the guise of Victorian ballads by Gerald Isaac, who earlier has been an adult *Moth to Armado*, and I don't grudge him the opportunity to show his voice, even though it doesn't please me much, since earlier, when *Armado* has repeatedly urged him "Warble, boy," he just gets to hum a tune to himself. But those sentimental songs set by Berthold Carriere spoil the picture for me.

The repertoire in the main Festival Theatre is completed in this first month by both parts of *Henry IV* in an outstanding production under Peter Moss. The production is conventional, you might say conservative,

confirm that what he foretold is actually happening). The back walls of the theatre frown under Michael J. Whitfield's sensitive lighting. It is never bright day in this age of conflict.

Douglas Rain gives a fine Henry, a man tormented by his conscience, relapsing now and then from the angry defence of his uncertain throne into another weary promise of a pilgrimage to the Holy Land. He speaks the lines with a rare combination of poetry and everyday good sense. (All the speaking in this production is very good.) The death scene in *Part II* is most sensitive; and at his bedside his untidy son Hal comes magically of age as Richard Monette, after trying on the crown, decides almost visibly to turn from a drop-out into a monarch. While he was the drop-out I wished, as I had with *Berowne*, that there was a little more mischief in his make-up when he plans and executes all those ill-natured jokes. (Hal, even as a monarch, is by no means my favourite character.)

As his rival Henry, Henry ("Houspur") Percy, there is a handsome performance by Stephen Russell, a big, outdoors-looking player; his unwillingness to pass even a short night with his wife (Margot Dionne) is in the circumstances hard to explain.

The low-life scenes are colourfully led by Lewis Gordon's gentlemanly Falstaff, a knight who brings into the stews a hint of the good manners he must have known in the old days. His encounter with the Lord Chief Justice (Max Helpmann) is an encounter between two amusing old gentlemen. Not that Mr. Gordon doesn't manage his strange oaths well enough, though I was sorry not to hear him say "Fillip me with a three-man beetle!" He tells his outrageous lies with no more impropriety than a fisherman exaggerating his catch, and the Gadshill robbery is covered with the clarity of a thriller. Jennifer Phipps is a motherly hostess, and in *Part II* there is a brief appearance by Martha Henry as Doll Tearsheet, an ageing blonde bent on the deal with syphilis, that is one of the most terrifying things I ever saw.

Cedric Smith and Mervyn Blake make a sweet pair of dotards as *Shallow* and *Silence*. The scenes in the Gloucestershire garden with their autumnal peace make a fine preparation for the Coronation. This is done with all stops out, a handsome procession passing through an eager throng, the stage crowded from side to side until the fatal meeting of the new King and his disreputable old cronies.

Since guessing which Canadian will succeed Robin Phillips when he resigns as artistic director is a favourite sport in the Canadian theatre, I think it is inevitable that on the strength of this production Peter Moss's name must rise considerably in the charts.



Alan Scarfe and Martha Henry

in *Henry IV*). Would the King and the Princess, or even the Don, really let him talk to them with his hands in his pockets, though?

No one ever seems sure who should speak the closing lines about the words of Mercury and the songs of Apollo. Phillips and Kareto give them to the King, and they deny him the final words: "You that way, we this way," which always seem to me astonishing and so vital. But this scene has been drained of its usual character. As soon as Marcade announces the news of the French King's death, the peasants slope off and the aristocracy alone remain. Details of parting and retribution having been settled, the countryfolk return and the owl and the cuckoo songs are sung.

given that it is played on a thrust stage with the audience on three sides of it. When the battles come, there are companies of soldiers to fight them, clashing their swords and never retreating into strobe lights and slow motion as the tendency is among our own companies, starved of enough cannon-fodder for a proper conflict. In this production there are 50 players, if my estimate is right, lots of them doubling several parts. Yet it is not played simply to look "impressive."

The willow-tree is gone, to be replaced by an inner pavilion with a useful balcony on top (notably effective when Rumour (John Wojda), not "painted full of tongues," but black-clad like *Dracula*, appears there as if to

New Art Centre/House

# Prunella Clough/Jenny Stein

by WILLIAM PACKER

Prunella Clough needs no special argument in her defence: she is quite simply one of the best painters we have, in her own or in any other generation. Her show of recent work (at the New Art Centre until June 23), as has always been the case with her, is a natural priority for anyone with the slightest pretence to an interest in contemporary art. The fact that she is not better known here, let alone abroad, is due more, perhaps, to her modest and retiring temperament than to any lack of painterly ambition for her work can assert itself in the best of company; but it must be said that she has not enjoyed the official support that should have been hers by right. Like all but a lucky handful of her peers she must still teach to earn her living, yet another distinguished victim of our curious system whereby the artist is rewarded to the precise degree that he abandons the practice of his art. Cut down your teaching and you cut down your income; and there is hardly a tax inspector in the country who would view such a voluntary reduction without suspicion.

But back to Miss Clough's own paintings: the immediate impression is of a variety of beautiful surfaces and rich effects, all well controlled and sustained but suggesting a certain lack of consistent application, as though that variety and easy sophistication were enough in themselves, all effect and no substance. Even now, though I hope we are growing out of it, we tend to distrust physical beauty in Art as being somehow unserious, the mandarin approach (horrid word) elitist; and this self-denying predisposition may well explain how it is that Miss Clough has remained in the shadows for so long, with no obvious theory or programme to persuade or distract the critic and curator from the formal and decorative elegance of her work.

Elegance and sophistication are there all right, but what they register so beautifully, and with such deceptive assurance and ease, is the final expression of a most thoughtful and intelligent response to the

visible world and the art it stimulates. The seductively decorative presence of each finished work need in no way vitiate, though it might well disguise, the seriousness and strength of the purpose behind it. And simply to see these final, superficial qualities, and nothing else, is most mistaken.

She takes her imagery from things seen, improvising and elaborating upon them with a delicately inventive playfulness that recalls no-one so much as Paul Klee; and this base in reality means that, no matter how extended the abstraction, the work never loses its suggestibility. There is a sense in which all abstraction is a kind of landscape painting, and in her paintings, so finely tuned, so well constructed, we move through that imagined space with its elliptical reference, and quietly surreal commentary upon the one we actually inhabit. The titles to the works, the conscious evocation of *Pastoral* and *Wasteland*, of *Gate*, *Wire* and *Underpass*, reinforce the imaginative connection.

House is what the name says it is, a private house, 62 Regent's Park Road, that has become a Gallery, and in difficult times, by the quality of the work shown in it, is already something of an institution. Jenny Stein, sometime director of the Whitechapel Gallery, unable to find suitable premises, decided to turn over to Art her ground floor rooms, *fonte de creux*; and it turns out that she could hardly have done better. Of London's smaller showing spaces hers is as good as any, sympathetic to a wide variety of work and capable of showing off to advantage all but the very largest. North of the Park London becomes another, stranger city, and a long way off to the poor southerner (though friends do say that it is not as far away as all that, and even go so far as to live there), but the special journey to House has never been less than a pleasure, and has long been a necessary stop on the critical round.

Finally, brief comments on two other shows. Angela Flowers, who was much missed during her temporary residence, has been dealing for a



Jenny Stein in 'The House'

month or two now from her new premises in Tottenham (just below Arney's) and judgment. Suddenly she looked up to realise that her enterprise had been running for three full years, and the current show is a celebration of that happy survival. And more than that it recalls every show with one work by the particular artist. The list is impressive, from the memorial show to Michael Fussell, the very first of all, and continuing through such artists as Rachel Fenner, Brian Falconbridge, Ian Williams, John McLean, Evelyn Williams and Wynn Jones. The anthology remains on view until July 15.

And at the Annexe Gallery in (Old Wimbledon until the end of June) is a small exhibition of drawings and paintings of Greek and Scottish landscape. Perhaps I should not mention it at all, for the artist, Ann Winn, is my sister-in-law; but I shall say that had there been no family tie I should have discussed her work at some length and with great pleasure.

Festival Hall

## LSO at 75

by DAVID MURRAY

With Prince Charles and other notables on hand to offer compliments, the London Symphony Orchestra celebrated its 75th anniversary on Sunday night. Eight days late, to be exact: it was on June 9, 1904, that Henry Wood's breakaway layers first appeared as the SO at the Queen's Hall. Can they have imagined that they were founding an institution of such distinction?

Those of us not in a position to feel nostalgia for the Queen's Hall had cause to regret it nonetheless. The calculated, austere mystery of the festival Hall can place strange and its over-orchestral sound; it is time it was Brahms who fared, with Vladimir Ashkenazy's piano efficient account, the *Heavenly Concerto*, no. 1 emerging from a thick, homogenous welter. The veils parted little for the *Adagio* and veiled some limpid depths, it in the outer movements, anything that the conductor Andre Previn may have done

to clarify Brahms's problematic scoring went for very little.

The primary-colour scoring of Andzej Panufnik's commissioned piece *d'occasion*, *Concerto Festivo*, was not compromised, and the conductorless performance sounded entirely confident. The brass writing in its opening *Solenne* produced some attractive sonorities; matters became more conventioned thereafter, with a string interlude in Panufnik's earlier manner and a final *Gloccio* which rose to a numbing superfortissimo. The second half of the concert brought Rakhmaninov's *Second Symphony*, which Previn obviously holds in great affection. Here the sumptuous big-band sound was as full and swooning as anyone could possibly have wished, and Rakhmaninov's form as thoroughly assimilated as earlier Brahms's had been haltingly rendered. The Hall's electronic aids are evidently well-adjusted to Rakhmaninov, at least—and the LSO may acquire a newly-balanced diet with the arrival in September of Claudio Abbado as their new Principal Conductor.

## Dame Marie Rambert honoured

Dame Marie Rambert, 91, founder of the Ballet Rambert, who is Polish-born, is to receive the Golden Medal of the Order of Merit of the Polish People's Republic, one of its highest state honours, for outstanding contribution to cultural relations.

Sadler's Wells

## Gayane

Finnish Week in Rosebery Avenue ended with three appearances by the National Ballet which shares the Helsinki opera house with the National Opera. *Gayane*, brought in a staging by Elsa Sylvesterson, is an Armenian *Daphnis and Chloé*, with a strong score by Khachaturian, rich in re-worked folk melodies and dramatic effects. I have little taste for peasant antics, but the vitality of the music, which seems to engage the best of Khachaturian's muse, and the involvement of the Finnish dancers, made for agreeable enough entertainment.

The story is thin. Giko loves the fair Gayane, who loves her Armenian, who loves her in return: Giko attempts to force his attentions on Gayane, all but strangling her in the process. Gayane and Armen are united, while Giko is ostracised by Armenian lads in baggy long johns. Thus ends the second Act, and Act 3 is devoted to a wedding divertissement of folk dances. On Friday night the Finnish dancers gave heart-whole performances that did much to persuade us of some validity in the drama, in which task the energy of the score was a great help. Design, by Seppo Nurminen, was excellent—a forest of cords stretching up to the flies, echoing the lines on which Armenian carpets, that feature in the decoration, are woven. Visually exciting, atmospheric, the setting offered an abstraction of folk elements which could with advantage have been matched in the choreography.

Mme. Sylvesterson has obeyed her score in turning to the national dances of Armenia—

there is much in the girls' dances of the near oriental poses we know from folk troupes—but it is a manner which stereotypes the characters keeping them as anonymous members of a folk dance ensemble rather than exploring them as men and women having a high drama to play out.

Ulrika Hallberg and Hannu Pekka Holmström were the lovers, Jyrki Järvinen the villain, and they did well, though I did not find my emotions especially engaged by the dramatic conflict. The uneven progress of the tale is illuminated, and in the last act superseded, by the folk dance elements. Here the cast can unleash a lot of energy in a shepherd's dance, a *leginkka*, a Russian dance, and because the score is what it is—the sabre dance (short on numbers, but long on ferocious expressions and the clash of blades). These the Finns do with great verve, and Mme. Sylvesterson has set them out with a nice feeling for their theatrical effect as well as for authenticity.

*Gayane*'s problem is in the high, but unexportable, quality of Khachaturian's exciting but far too local score. The kind of peasant drama it propounds is unsuited to a full-evening for Western audiences: a suite of dances using the liveliest numbers could make a jolly ethnic final ballet in a triple bill, but not even the dedication of the Finnish dancers, nor the excellent playing of the company's orchestra under Ari Angervo (whose performance was at least to every British ballet company), could make it seem more than a curiosity.

CLEMENT CRISP

## The new season at Covent Garden

Four new productions join the Royal Opera House, Covent Garden, repertoire for the 1979-1980 season. One is a new opera, *Therese*, the first full-length composition of John Tavener. It has been commissioned by the Calouste Gulbenkian Foundation with a libretto by Gerald McLarnon. It opens on October 1, with the title role of the French Saint played by Elise Ross.

The other productions are: *André Chénier*, by Gianluca, having its first Covent Garden production since 1930, with Plácido Domingo in the title role and Riccardo Muti conducting; Donizetti's *Lucrezia Borgia*, which has not been presented since 1888, and with Joan Sutherland as *Lucrezia*; and *Simon Boccanegra*, with Sherrill Milnes in the title role.

Other major events of the season will be a tour of the Far East, which will cost £1m; a children's opera, *The Pig Organ*, by Richard Blackford and Ted Hughes, to be presented at the Round House in January; and in 1981 a visit to Manchester. On the debit side the increase in VAT will force up seat prices so that for some performances at Covent Garden the best seats will cost over £20. A.T.

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FINANCIAL TIMES

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Tuesday June 19 1979

Two cheers for SALT

OVER THE last fifteen years or so, the United States has moved from a position of overwhelming superiority in strategic nuclear armaments...

existing systems and to develop new ones. Strategic arms expenditure will probably go up as a result—though not by as much as if there were no treaty.

The American decision on the deployment of cruise missiles, for example, is deferred until the end of 1981 when the Protocol to the treaty expires.

Gainers

Yet if SALT 2 could act as a spur to other measures of arms control, that would itself be a partial justification.

The test of the effect on Soviet-American relations, however, is much harder. The real gainers from SALT so far have been the Russians since they have achieved strategic parity with the Americans within a decade and are on the brink of having it ratified.

Tilting

It will take time to tell how the Russians respond if and when SALT 2 is approved by the U.S. Senate. It is striking, however, that the balance of power, once so heavily in the Americans' favour, has been tilting steadily in Moscow's direction.

Ghana's search for stability

THE MOST bizarre of circumstances surrounded yesterday's general election in Ghana, which is supposed to have led to a return to civilian rule after seven years of military Government.

which follow could set an ugly pattern. Whatever the faults of their country, Ghanaians have, up till now, settled their political disagreements with remarkably little bloodshed.

New style

In many respects, the latest military coup can be seen as an example of the manner in which Ghanaian society has lost its political way. After experimenting first with Nkrumahism, then with military Government, next was a multi-party cabinet system and finally with three more military regimes, it is now preparing for an American-style presidential system of Government.

Problems faced

At the same time, Ghana needs a background of political certainty to underpin the tough task any Government will face in trying to revive the economy, shattered by years of declining cocoa production, deficit financing and an over-valued currency.

Economic malaise

Last weekend, the new Government gave an indication of what its "house cleaning" might entail: Gen. Acheampong and a former border police commander were executed by firing squad for alleged corruption, after a trial which is reported to have lasted less than one day.

But it is far from clear that the execution will have a deterrent effect on a society where corruption is all-pervasive. Furthermore, whatever Gen. Acheampong's faults, it is greatly to be regretted that he should be despatched after so summary a trial, which runs counter to Ghana's long and distinguished legal tradition.

Britain's changing pattern of poverty

BY DAVID FREUD

The generous uprating of social security benefit in last week's Budget is unlikely to alter the position of the poor fundamentally, mainly because inflation is expected to catch up with the increase.

MORE PEOPLE have been living on or below the official poverty line in Britain over the past few years than at any time in the post-war period.

Much of the increase has probably been due to the upward movement in the definition of poverty. Nevertheless, the figures reveal a radical change in the kind of people affected.

There are three underlying reasons for the change. Since 1974 unemployment has more than doubled. At the same time the changing social role of women has meant rapid growth in single-parent families, many of which have low incomes.

Rather out of date

The change in the nature of the poor seems not to have been noticed by most politicians. Part of the reason is that the figures revealing the trend are complicated to interpret and rather out of date by the time they are published.

In 1948, when the National Assistance Board was established, about 1m claimants were dependent on national assistance. The figure fluctuated around 1.6m through the 1950s, but by 1966 the number of claimants receiving supplementary benefit had increased to 2.5m.

According to the Royal Commission on the Distribution of Income and Wealth\* the 1976 figure represented 4.7m

recipients plus their dependants, about 9 per cent of the population. The comparable total for 1966 was not available, but it was estimated to have been only 7 per cent of the population.

The main increase appears to have taken place between 1974 and 1976 and for this period there is direct evidence in figures extracted by the Department of Health and Social Security from the Family Expenditure Survey (FES).

Not only was there an increase at this lowest level. The number of claimants and their dependants receiving supplementary benefit also went up—from 3.7m to 4.1m—as did the number living just above the long-term supplementary benefit (SB) level rose from 1.4m to 2.3m during those two years.

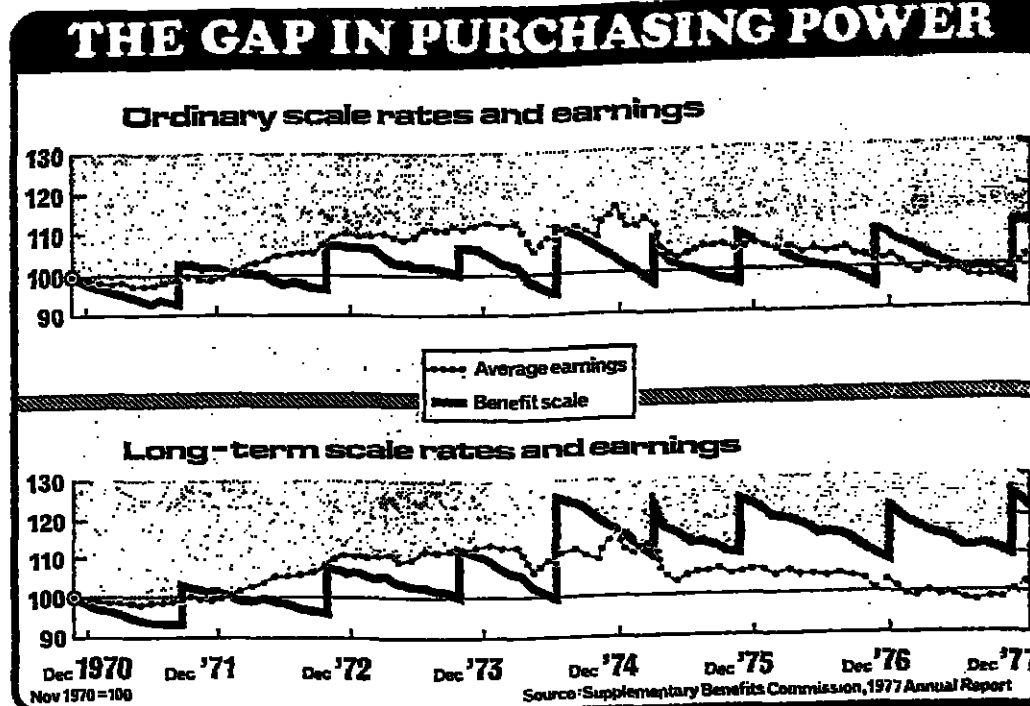
It is likely that the number of poor has stayed roughly the same since 1976. The steady drop in unemployment during the last 18 months is likely to have reduced their numbers, as will the extension of child benefit. However, these factors have probably been counterbalanced by the growing numbers of long-term unemployed.

Widening gap

At the same time there has been a widening gap between the two sets of benefit rates. The long-term rate introduced in 1968 at 11 per cent above the basic rate, but since 1975 the basic rate has lagged behind due to the differential uprating of benefit—long-term in line with the higher of the rise in earnings or prices and short-term in line with prices. The gap now stands at 25 per cent and would have continued to widen if the Chancellor had not changed the policy last week.

There are some signs that those on the lower scale may be worse off in relative terms than they would have been earlier. The Royal Commission presents figures showing that the poorest 25 per cent of families received roughly the same share of UK net income throughout the 1968-76 period. If those on the long-term scale have become relatively better off, this implies that other groups in the lowest quartile—roughly those living below 140 per cent of the long-term SB scale—have become relatively worse off.

The differential impact of inflation may also have made those on the lower SB rate worse off than they would have been in earlier years. Although the rate went up roughly in line with the Retail Prices Index, it is widely claimed that



since 1974 the prices of electricity, food and other items which form the bulk of the poor's purchases have gone up faster than the basket of goods making up the RPI.

Professor David Donnison, chairman of the Supplementary Benefits Commission, argued that there were grave dangers in the widening gap between the two sets of benefit. Quite apart from making those on the short-term rate relatively worse off, it also meant that the long-term rate would eventually catch up with earnings.

Professor Donnison argues that the relationship between the State support level and average earnings is the correct one, rather than absolute need. Perhaps more significant than the actual number on the poverty line is the fact that the main recruiting ground for the new poor has been households with children. Pensioners, who in 1948 represented 63 per cent of claimants on National Assistance, have diminished as a proportion of the total.

There was also a big rise in single parents and their children on or below the SB scale—from 840,000 to 1.2m. Figures assembled from the Family Expenditure Survey show that there was a total of 1.5m children living in families at or below the poverty line at the end of 1976. With the growth in the numbers of children living in poverty there seems to have been some relative deterioration in State benefit for large families. Professor Donnison said that over the last three years, claimants with children

had become slightly worse off than those without.

This meant that support for large families in the UK was significantly less than in other Western countries while the international comparison showed rough comparability with smaller families.

Mr. Frank Field, the new Labour MP for Birkenhead who is closely associated with the Child Poverty Action Group and Low Pay Unit, argues that the scale of children's benefit is based on nutritional research conducted in the U.S. in the last century. It has never been properly tested and the benefits scale is, he believes, biased in favour of adults.

The state's reaction to the growth in poverty has been to extend, step by step since the late 1960s, the use of means-tested benefits—mainly because this was the cheapest way to deal with the problem. As well as supplementary benefit, means-tested distributions now include Family Income Supplement, rate and rent rebates, rent allowances and free school meals.

Cheapest way

Failure to take up these benefits, especially among low wage-earners who perhaps do not know they are entitled, is one reason so many people are living below the poverty line. The Supplementary Benefits Commission estimates that in 1976 about 900,000 people failed to take up about £800m of benefit to which they were entitled. Take-up rates of rent allowances have been estimated by the Royal Commission at as low as ten per cent.

The relationship between the means-tested benefits and the tax system has also led to the development of the poverty trap, in which net earnings can fall well below the poverty line. People in the trap lose most of their benefits when they gain wages, after tax is taken into account. Some 50,000 households were estimated to be in this position in 1975 and marginal benefit for each extra £1 earned ranged from negative to 49 per cent in no less than 380,000 cases. This is the area in which

disincentives among the poor are strongest, tending to depress the individual's will to move up the earnings ladder. Disincentive not to work at all is far less. Only 30,000—about one per cent of all claimants—would be better off on the dole than in employment if they claimed all the benefits to which they were entitled, according to Professor Donnison.

Mr. Field argues that the means-tested benefits, through the poverty trap, have meant that State assistance to the poor has become a ceiling rather than a floor. It has become impossible for individuals to break back into the main stream of the country's life," he states.

At the same time the system has required a vast growth in the bureaucracy to administer it and prevent fraud.

There is probably no cheap way to alleviate the wide-spread poverty as Britain moves into the 1980s. The single most effective development would be rapid economic growth which absorbed all the excess labour on the unemployment registers. However, since optimism is no substitute for policy, time would be better spent investigating ways of adjusting the system in line with the changing pattern of poverty.

This would mean concentrating on the unemployed, large families and single parent households. One step, urged by the Supplementary Benefits Commission, is to put the unemployed on the more generous longer term benefits scale. This it is estimated, would cost about £80m a year.

But perhaps the first priority should be to take children out of the poverty formula—the formula they should not have been allowed to enter in the first place.

A first move would be to index the rates of child benefit—which is paid to all mothers—thereby insulating mothers and children from future inflation. More fundamental—and more expensive—would be to bring up the rates to those paid under the supplementary benefit scale. This would hugely simplify the system, ensuring that adequate provision was made automatically for all children, while at the same time reducing the operation of the poverty trap.

MEN AND MATTERS

Refloating the gas balloon

One company that breathed a corporate sigh of relief after the Budget was Calor Gas, which with 35 per cent of the UK propane market is also one of the more active in the field of converting petrol engines to run on it.

At 55p a gallon, gas has a certain allure about it just now, even with conversion costing £200 and more per vehicle. This involves installing a fairly complicated tank as well as converting the carburettor, but after that cars can be driven on either gas or petrol at the flick of a switch.

The Howe Budget, increasing oil prices and the propane found along with oil in the North Sea has changed the equation. But De Camps is wary of encouraging individuals to switch over to gas. The problem is supply. ENOC has just signed a contract with Calor to sell 180,000 tonnes over the next two-and-a-half years.



"I see the whole thing becomes null and void if SALT falls on Brezhnev."

quite disgraceful—but the 30m tonnes they could provide is not all going to be available to us. The U.S. and Japan are very LPG-hungry, and Spain is a growing market, having to tow gas.

But while the propane keeps hissing, a surprising number of UK companies have converted all or part of their fleets and installed their own re-fuelling tanks. Among them are Littlewoods Home Delivery Services, Securitor, two water authorities, and—rather oddly—the North Eastern Gas Board.

Own goal

The ease with which a Saudi man can divorce his wife and the success of the Ahli football team have combined to break up at least one Saudi home. I hear from Jeddah, Abdul Rahman Al-Otaibi, a father of four, is a financial supporter of the Jeddah Club football team. Mrs. Otaibi is an equally

keen supporter of Ahli. When the two rival clubs clashed in the Saudi Cup Final on June 9 Jeddah was unfortunately out-classed and incensed by his wife's crowing every time Ahli scored, Abdul Rahman swore the traditional oath of divorce each time. Unhappily, it takes only three oaths to lose a wife. By the final whistle, Mrs. Otaibi and the children had fled: Ahli won 4-0.

The newspaper Al-Medina took up the case with fervour. "For how long will the Saudi obsession with football continue to destroy the sanctity of the home?" it thundered righteously. Relief finally came on Sunday in a Fatwa—a legal ruling—from Mecca's summary court. The assistant president quoted a Tradition of the Prophet on the authority of his favourite wife, Ayesha: "It is the consensus of scholars that divorce is invalid if it results from extreme anger."

Mrs. Otaibi's views are not known. But as divorce in Saudi Arabia is extremely hard for a woman (as opposed to a man) to get, she may prefer her unexpected new status, and appeal.

New queues

Lengthening petrol queues on top of economic troubles seem to be driving Washington's more unbalanced citizens over the edge. While reluctant to encourage the new madness by talking about it, psychiatrists in the area admit there has been an unusual increase in the number of patients. "It's jumping here," said one expressive admissions clerk at Saint Elizabeth Hospital. "Most of our business is usually during the cold weather."

At Spring Grove Hospital Centre, Maryland, they were more precise: "Involuntary commitments there rose from 137 in April to 185 in May. During the first 11 days in June another 108 citizens took a

compulsory break. A senior official at the hospital, Richard Rame, was outspoken in his explanation for it all. While Americans may be better prepared than during the 1973 Arab oil boycott, he said, they are contending with soaring prices in a worsening economy: "The conflicting stories—blaming everyone from the President to the oil companies to service stations—give a plausible hook for individuals with paranoid tendencies. During Watergate we got people suffering from delusions that they were being followed around by the CIA."

More cynical observers insist that the petrol shortage and its associated murders and madness are confined to the circulation area of The Washington Post: "They keep running scare-stories."

Marked man

Proud of the high dignity of their profession, accountants of the chartered variety have been riled by the description of Mark Thatcher, the Prime Minister's son, as a chartered accountant. The latest issue of Accountants Weekly goes to the bottom of the matter, and points out that Thatcher fits, while an excellent amateur motor-racing driver, has not earned his accountancy laurels. Nor has Thatcher fit made any great efforts, it seems, to correct the impression that he is chartered. He passed his English Institute Part I final in May, 1976," he says, the magazine tartly, "but so far, at least, has not managed to progress any further in the examinations stakes."

Special feature

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# FINANCIAL TIMES SURVEY

Tuesday June 19 1979

# FINLAND

The general election in March produced a swing to the Right but Finland's pluralistic democracy continues to function in its own idiosyncratic way. The economy depends though on world developments and it needs a breathing space so that restructuring policies can be carried out to achieve further expansion and contain unemployment.

## Scope for a further advance

by William Dullforce

FINLAND HAS a new prime minister, its economic performance has improved and all is quiet on the eastern front, with resident Urho Kekkonen in his 24th year of office ensuring good relations with Moscow. On the threshold of the 1980s, Finland remains politically stable internally and externally while the current economic recovery, though fragile, offers some scope for a further advance in prosperity. But, as may be expected with a nation that has had to fight so tenaciously for its independence and welfare, the picture is not entirely unclouded. Unemployment remains a major social problem, the economy is critically dependent on outside developments and, if the present oil crisis were to disrupt its foreign markets, the impact on Finnish industry could be severe.

This would be most unfortunate at a time when the Finns need breathing space to reorganise the structure of their economy. On the foreign political side, the Finns as ever are eager to add whatever weight they can to the movement towards détente in Europe. They hope something concrete will emerge from the next follow-up meeting of the conference on European Security and Co-operation (CESP) in Madrid and they welcome the new SALT Two agreement between the U.S. and the Soviet Union.

They are, however, concerned that this agreement could give further impetus to the pressure for the development and employment in Europe of new tactical nuclear weapons both by NATO and the Warsaw Pact countries. President Kekkonen underlined this concern during his visit to West Germany last month.

Particularly worrying for the Finns in the light of their treaty obligation to prevent any attack on the Soviet Union across their territory would be the advent of Cruise missiles, which would need to pass through Finnish air space to find their targets. These possibilities are shadows rather than realities so far, but their exposed strategic position has taught the Finns to detect dangers to their interests in good time.

It is better to emphasise the change in the premiership rather than the change in the government prompted by the general election last March. The new Left-centre, four-party coalition is the same as before.

except that the Swedish People Party replaces the Liberals alongside the Communists, Social Democrats and Centre Party. The more intriguing development is Dr. Mauno Koivisto's switch from governorship of the Bank of Finland to the Prime Minister's office.

The election showed a distinct swing to the Right which has been only marginally reflected in the composition of the new Cabinet. The Left lost seven seats in parliament where the non-socialists now have a 113 to 87 advantage, the biggest majority they have enjoyed since the 1962-66 parliament.

All the same Finland now has a Social Democrat Prime Minister and a Cabinet in which the Social Democrats and Communists hold as many seats as the non-socialists, represented by the centre party and the Swedish People's Party, with an independent understood to have leanings towards the Centre Party thrown in as a sop to public opinion.

### Victors

The big victors of the election were the Conservatives, who increased their representation in parliament from 35 to 47 to become the second largest party there after the Social Democrats (52) but well ahead of the Centre Party (38) and the mainly Communist People's Democratic League (35). The Conservatives nevertheless remain in opposition.

It took 68 days for the new Government to be formed after the election—about par for Finnish politics. Mr. Harri

Holkeri, the Conservative leader, was given the first try but this was little more than a gesture from President Kekkonen's side: It was recognised from the beginning that he had no chance.

It is difficult for outsiders to see how the election result is reflected in the new Government. Foreign policy provides the clue. Although they loyally line up behind Finland's policy towards the Soviet Union, the Conservatives are suspect in Moscow. President Kekkonen, who directs the country's foreign affairs, believes that broadly-based coalitions linking the Left and Right are needed to give authority to Finland's foreign policy.

Does this mean that the relationship with the Soviet Union undermines democracy in Finland? It imposes restraints but Finland's pluralistic democracy functions in its own way. The new Government commands the support of 122 of the 200 members of Parliament (the Communists are split into a nationalist majority and a Stalinist minority of 11 who oppose participation in the Government).

The Conservatives can block highly-controversial legislation such as changes in property rights under the constitution, which requires such legislation to have a five-sixths majority in parliament. Efforts are being made to amend the constitution but have not yet succeeded.

The election can be interpreted as a vote against the previous coalition parties (Social Democrats, Communists, Centre Party and Liberals)

which together lost 16 seats. Well, the former Premier, Mr. Kalevi Sorsa, the Social Democrat leader, and Mr. Johannes Virolainen, the Centre Party leader, are not in the new Cabinet.

On the other hand, the Centre Party gets six of the 27 Cabinet posts and takes over the key Finance Ministry from the Social Democrats. Although it suffered a setback in the election, it has gained strength in the Cabinet as the main non-Socialist representative.

These explanations are common currency in Finnish comment on the formation of the new government. They sound serious even to many Finns' ears but they represent Finnish reality and are understood.

Finally, there is the fact that the election brought Dr. Koivisto unexpectedly back to the premiership. He is generally regarded as belonging to the Right wing of the Social Democrat Party but he is primarily a political personality in his own right.

At 55, he has come a long way since he started work as a carpenter in his home town of Turku and returned from war service at the age of 22 to catch up on his school education. He is now an intellectual, a man of wide-ranging and sometimes idiosyncratic ideas which frequently disconcert his party colleagues.

He has exerted a powerful influence on the economy as Governor of the Bank of Finland, forcing on the government policies which he believed were in the national interest. He is responsible for the improvement in Finland's payments balance

and in large measure for the decline in the inflation rate.

Dr. Koivisto has won the confidence of business and, even more remarkably considering the effect of his policies on the employment situation, the opinion polls put him second only to the President in popularity among the Finnish people. It is difficult to explain his standing with the public except as recognition of his personal integrity.

There are many implications in President Kekkonen's unexpected decision to nominate Dr. Koivisto. Not the least is the advantage the premiership could give Dr. Koivisto when a new president has to be elected in 1984. By then Dr. Kekkonen will be 83 and it is assumed that he would not wish to continue after 28 years in the job.

That election is likely to be the most critical in Finnish politics during the 1980s, because the President controls foreign policy. So far Dr. Koivisto has been regarded rather as an outsider, principally because it was supposed that his relations with the Russians were not too good—but he has taught himself Russian.

### Popularity

Although the President has not explained his decision to call on Dr. Koivisto, other considerations could be his popularity and his firm handling of economic matters, both of which could be important assets at a time when the restructuring of the economy calls for determined and possibly unpopular policies.

BASIC STATISTICS	
Area	117,945 sq. mi. 303,475 sq. km.
Population (1977)	4.74m
GNP (1977)	FM119,41bn
Per capita GNP	FM25,190
Imports (1978)	FM32.3bn
Exports (1978)	FM35.2bn
Imports from UK (1978)	£319.1m
Exports to UK (1978)	£626.3m
Currency = Markka £1 = FM8.26	

into surplus after at one point in 1975 approaching a deficit close to 10 per cent of GDP. The rate of inflation has also been successfully reduced from a peak of around 17 per cent a year to 7.8 per cent.

The emphasis over the past two years has been on improving the competitive position of the Finnish export industries and bringing about an export-led recovery. This has been successful and forecasts for economic growth this year vary from 4.5 to 5.5 per cent, in any case above the average anticipated within the OECD countries. Expectations for 1980 are more cautious, but most economists believe Finland can achieve a further 3 per cent expansion in output then, provided there are no further disruptions.

CONTINUED ON PAGE III

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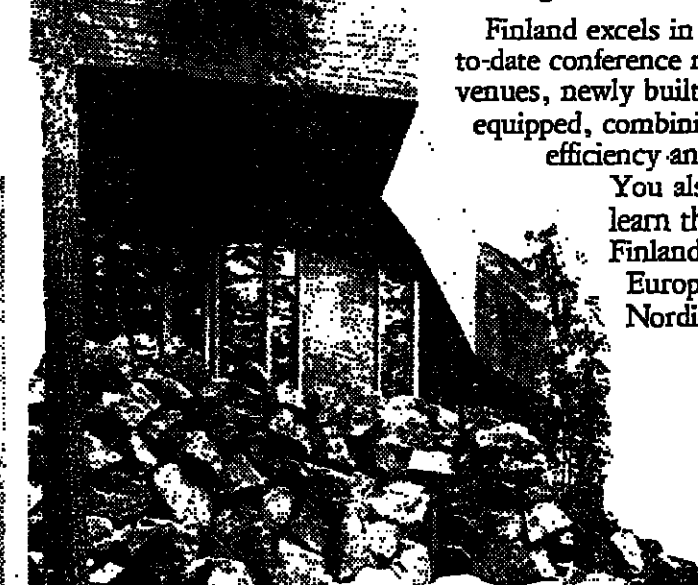
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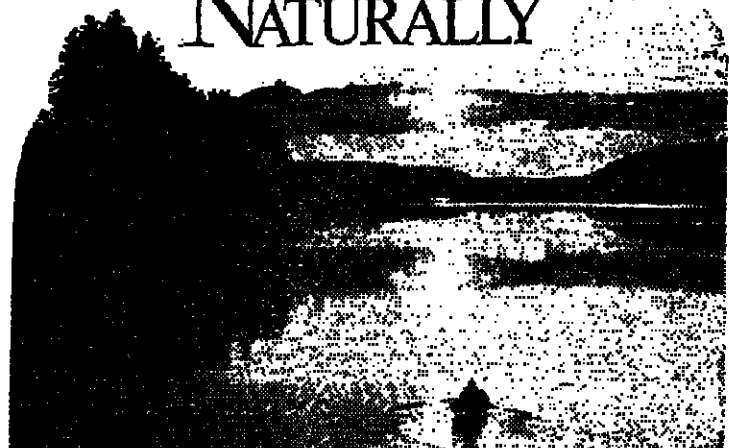
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FINLAND II

# Economy emerges from recession . . .

THE PAST 12 months has seen the Finnish economy claw its way out of the worst slough of recession it has sunk into since World War II. The next 12 months promise a chance of consolidation on the firmer ground now attained. Beyond this foothill lies undulating territory that cannot be surveyed with any certainty yet.

It is little wonder that industry views the immediate past and future with an ambivalence that verges on schizophrenia. A random selection of the annual reports for fiscal 1978 of the largest Finnish industrial groups discloses what is almost a theme song: sales improved gratifyingly but the economic result was not satisfactory. The explanation for the mixture of relief and disappointment is not hard to find.

The dawn of 1979 was bright. After two years of stagnation, Gross Domestic Product grew by around 1.2 per cent in 1978 and the forecast for this year is a 5.0 per cent increase. Exports expanded by 13.8 per cent in value and should go up another 11 per cent this year; the changes for imports are 5 and 16 per cent respectively. The trade surplus was a whopping FM 2.3bn (£350m), the balance on current account FM 2.3bn, and the promise is that both surpluses will be substantial again this year, if not as striking as in 1978.

The foreign currency reserves has once again fluffed up into a comfortable pillow instead of the worn strip of covering it has been for years. It looked as though inflation was licked—it was held to 7.6 per cent in 1978. The dawn contained red ink of warning. The unemployment rate was up to 8 per cent, which is very high for a country with a net foreign debt of 27.3bn, 23.4 per cent of GDP. The corporate debt burden was worrying the business world. According to preliminary figures for 1978 released by the Confederation of Finnish Industries (CFI), the ratio of internal company financing to turnover was down to 5 per cent, against 10 per cent in 1974, the last pre-recession year. Corporate long-term debt management costs amounted to 17 per cent of net sales. The debt ratio (external capital to equity) was 3.3 per cent. Most of the debt was incurred during the great investment spurge of 1971-1973.

## Factors

The newly published quarterly survey of the Ministry of Finance Economic Department lists the main factors of uncertainty which threaten the maintenance of current growth rates. They are international economic developments, the price trends and supply of oil and raw materials and, in the home country, uncertainty about economic policy and incomes policy in the longer term. The new Government's economic programme contains a passing reference to the importance of long-term planning for corporate investments, but industry is not impressed with this sop.

Prime Minister Mauno Koivisto is on record as saying that the greatest threat to the economy for the near future is inflation. This view is shared by the private sector, yet it is showing unusual optimism that inflation can be kept below 9 per cent this year. According to a calculation by the CFI, the increases in oil prices already announced this year will add 1 per cent to manufacturing costs and around 0.5 per cent to consumer prices.

But there are ominous indications that oil prices will rise even further, and the price of raw timber may also rise. The farmers supply some 70 per cent of the wood-processing industry's wood requirements from their forests, and they want a share of the new "prosperity" that has temporarily come to the pulp, paper and timber trade.

Labour generally is looking for greater rewards from the mini-boom. The increase in labour costs this year is estimated at 10.5 per cent, to which must be added an assumed wage drift of 3 per cent to 4 per cent. The estimates for the nominal and real increases in the disposable income of households are 12 per cent and 4 per cent respectively.

Current labour contracts run out in February 1980. The unions and employers will start unofficial talks in August on the outlines of the next round of collective bargaining which will probably begin in earnest towards the end of the year. If the increases in nominal wages and wage-related costs can be kept within reasonable limits, one inflationary factor will be restrained. Wage-related costs—statutory and voluntary social security and other benefits—currently amount to around 54 per cent of wages paid for actual work done in the forest.

At central federation level on both union and employer side there is an understanding of the realities. The problem is to convince the rank and file, and it is exacerbated by the personal ambitions of some union leaders who control small but vital groups of labour that can hold the country to ransom by striking. Foremost among them are unions and union federations in the technical and transport branches. A further complication is "auction bidding" for votes by the Social Democrats and Communists in the unions, and even between the hard-line minority and more moderate majority factions within the Communist Party.

The employers see some chance, however, of a longer (two-year?) agreement early in 1980, and this would eliminate some uncertainty from cost calculations in corporate planning. But this optimism has been tempered very recently by the demand from the Left-wing think tank that the threat of imported inflation should be countered by revaluing the Finnmark and imposing an export profits levy on the forest industry. Neither measure would improve the precarious international competitiveness of export-oriented industries, but the new Government says that resort to a revaluation cannot be excluded.

Mr. Gay Ehrnrooth, President of the Board of the CFI, says: "We've just come out of hospital. We must have a little time now to put the house in order without outside interventions. To recover, we need two-three years of times like the present."

The industrial sector concedes that 1979 will be a good year. Even if the U.S. economy slides into fresh recession in the autumn, the European market can hardly be affected before 1980. It is the uncertainty about 1980 that reinforces the lack of propensity to invest that already exists because industry still has spare capacity. It looks as though autumn 1979 will bring firmer forecasts of how the American economy—and via that route the European—will move. Until then industry in Finland and Mr. Koivisto's Government are going to move cautiously.

Lance Keyworth  
Helsinki Correspondent

# . . . but future strategy remains uncertain

THE 1970-73 post-war period has had one of the slowest economic growth records in the OECD. In the quarter ending from 1950, for instance, the per capita growth in Finland's GDP was higher in every five-year period than was Sweden's.

During those 25 years the country moved from a basically agricultural society with 46 per cent of the labour force engaged in primary production into an economy in which services employ 52 per cent of the labour force.

The percentage employed in the manufacturing and construction industries has risen in the same period from 27 to 35 per cent. It is almost as if Finland had jumped over the industrialisation phase and yet it has been the growth in wealth. This relative affluence was achieved at the cost of some dislocations and structural weaknesses, which were exposed when the world depression hit the country in 1975.

The most prominent weaknesses to appear have been unemployment and susceptibility to imported inflation. Firm guidance from the Bank of Finland has brought the inflation rate down to the average for the OECD and the number of jobless is falling this year after hitting a post-war peak in 1978, when it averaged 7.5 per cent of the labour force.

But the improvement in the unemployment rate is only marginal and the chances of bringing it below five per cent during the next five years or so are slight. With hindsight it is now evident that, impressive as it has been, Finland's economic growth has not been able to provide jobs for all. This fact had been disguised by large-scale emigration, in particular to Sweden, where until the depression it was relatively easy for Finns to take advantage of the free Nordic labour market.

Finland's growth has been to a large extent financed by foreign borrowing, which has sustained a very high level of investment in both the infrastructure and industry. With a net foreign debt still around 20 per cent of GDP it will not be possible for Finland to revert to a policy of running a large current account deficit in the 1980s.

In a study of the medium-term prospects up to 1982, the Independent Research Institute of the Finnish Economy recently charted the trade-off between employment and the current account balance on assumptions which included a 3 per cent volume growth in the economies of Finland's main trading partners, moderate domestic wage increases and a rate of inflation averaging 6.7 per cent a year. It found that the unemployment rate might be reduced to about 5 per cent by traditional demand management measures, if current account deficits of the order of 2 per cent of GDP were accepted.

An industrial committee set up by the Ministry of Trade and Industry estimated, in a preliminary report last month that annual growth rates of 5 per cent in GNP and 6 to 7 per cent in industrial output would be needed to have any significant effect on unemployment in the country. It was sceptical about the chances of reaching these targets.

## Marginal

Finland's raw materials are its trees and minerals. The lack of new ore discoveries limits the possibilities of expanding metal production. New silviculture programmes have indicated that forest resources are not yet fully exploited but the high cost of wood in Finland is forcing the pulp and paper mills to invest heavily in the new products with greater added value.

In addition to being capital intensive, the country's industrial development has also been energy-intensive but Finland has so far dealt with energy crises more easily than most industrialised countries and its energy programme should prevent any serious bottlenecks from arising during the 1980s. But Finland's major resources increasingly lie in its people, in their levels of education, technical and business skills.

The Finns have opportunities open to them for further growth in the 1980s, not least the advantages that they can draw from their access to the relatively huge markets of both Western and Eastern Europe. To exploit these advantages and retain the open economy they have operated since their independence, they will have to achieve a new co-ordination of Government policy and business incentives.

Government economists and businessmen at present differ somewhat in describing the options available during the next decade. At the macro-economic level one of the most interesting strategies has been elaborated at the Bank of Finland. It is particularly pertinent because the new Prime Minister, Dr. Mauno Koivisto, as governor of the bank, developed the theory and prompted analysis of its possibilities. As a social democrat he was primarily searching for a new way of dealing with the unemployment problem.

## Incentives

It is claimed that this strategy would enhance the role of small and medium-sized businesses and offer them incentives to improve their international competitiveness by introducing advanced technology. This, in turn, would pave the way for increases in new exports, even if foreign markets were to experience a period of slow growth.

Such a strategy would obviously have to be understood and accepted by the trade unions before it could be implemented. If Dr. Koivisto is seriously thinking of trying it out, he will first have to sell his idea to the union leaders and then to their members. This might not be impossible: the chance of creating more jobs could be a good selling point. If he succeeded, Finland could be the crucible for an intriguing economic experiment in the 1980s.

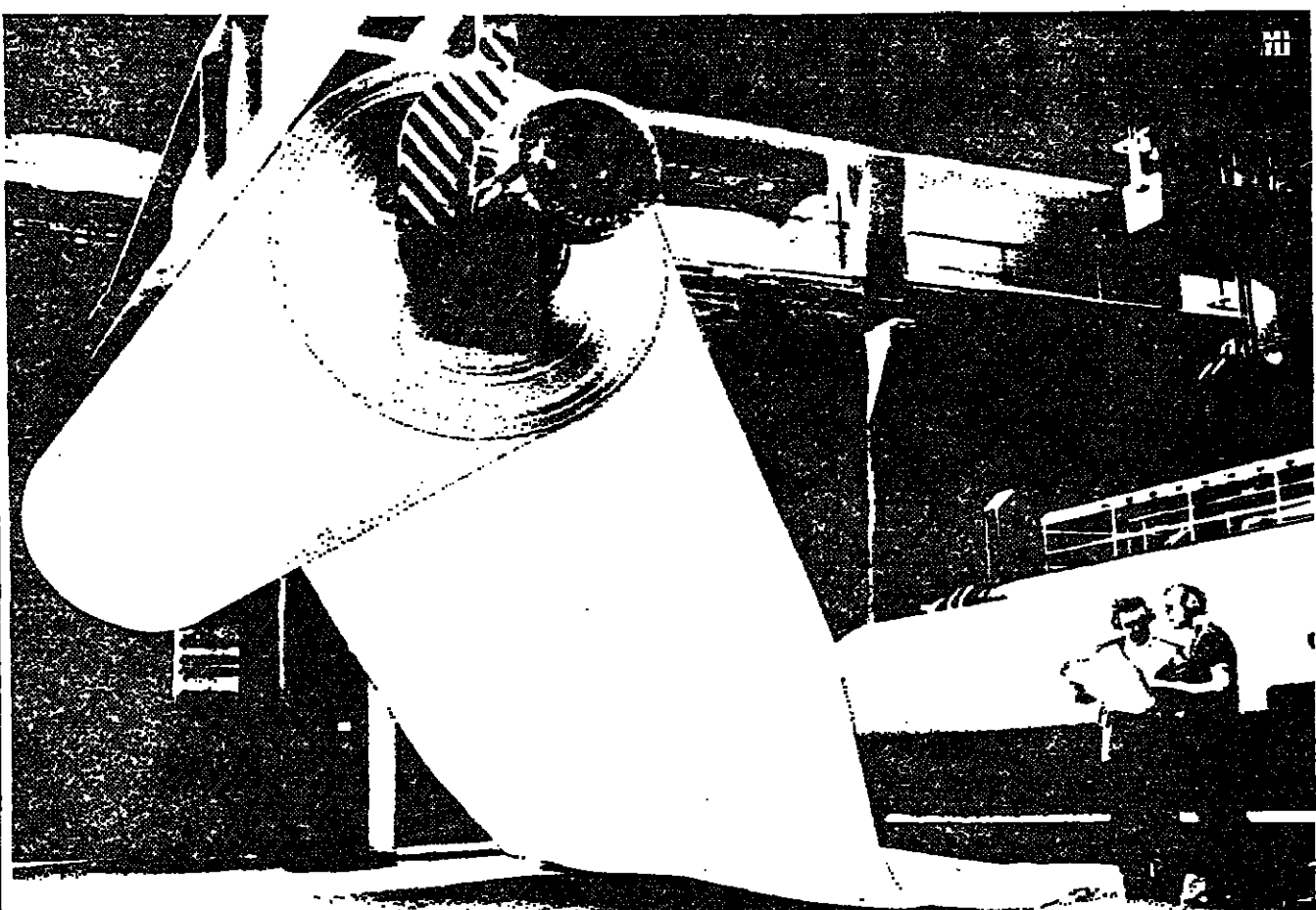
Finland's industrialists have got used to an economic climate in which payroll costs outweigh capital costs and in which credit rationing traditionally has been linked with relatively low interest rates. The tax structure has also been linked with relatively low interest rates. The tax structure has also been an incidental incentive to running their businesses with a high proportion of bank loans. It is understandable, therefore, if they see the problems and prospects of the 1980s from a somewhat different angle. In a recent study of Finnish industry's long-term prospects Mr. Juhani Ristimäki, deputy managing director of the Federation of Finnish Industries, also advocated a new mix of labour and capital inputs, but he put the emphasis on productivity and the need to increase both the amount and the quality of the capital. However, his views did chime with those of the Bank of Finland economists on two key issues: the need to switch investment to light industry and the necessity for a moderate national incomes policy.

Productivity in Finnish industry rose by an average of 2.3 per cent a year in the 1960-75 period. Mr. Ristimäki's figures call for an annual increase of 3.7 per cent during the next two decades. Is that feasible? It would demand at least a significant change in political attitudes, particularly towards incomes and tax policies and possibly also exchange rate policy. It would scarcely be possible without a change in national investment patterns from spending on housing and infrastructure to industry.

However, much more could be done by business management and the change in top management which now appears to be taking place in many Finnish enterprises could be a good augury. There seems to be a growing understanding that enterprises can no longer put money into lazy, low-yield investments financed by banks. But for a change to be effective the politicians still have to be persuaded of the value of risk capital and higher profitability.

The external influences will continue to be paramount for the small Finnish economy during the 1980s. The other decisive factor will be whether the Finns can bring about the meeting of minds among their political leaders, Government economists and business managers needed to obtain a consensus on economic policy and the climate for business. The opportunities are undoubtedly there and there is not so wide a gap between the thinking of official economists and business leaders. It is up to the politicians and union leaders.

William Dullforce



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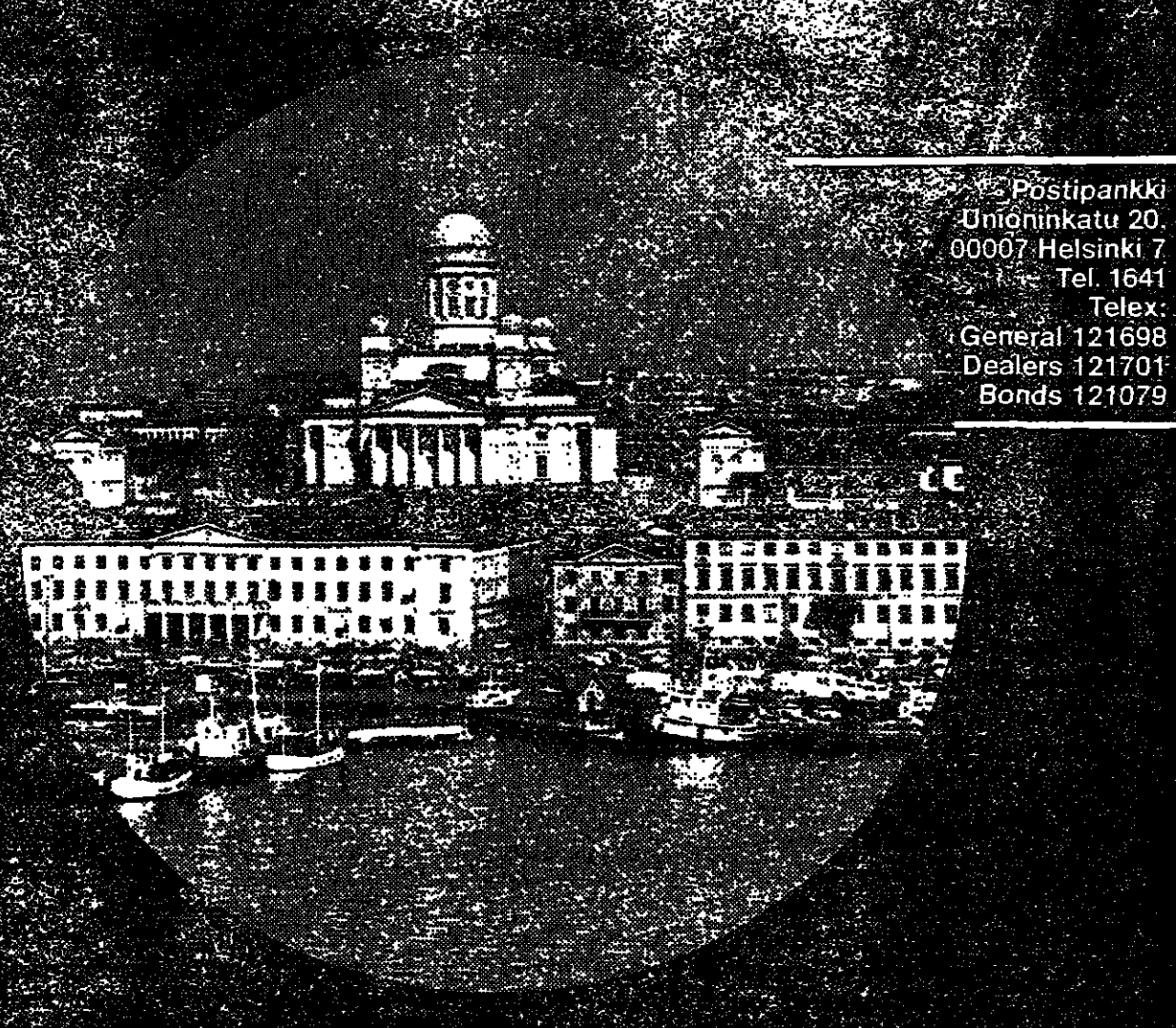
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FINLAND III

# Energy conservation a major priority

THE YEARS since the 1973 oil crisis have brought out in sharp relief the positive and negative features of Finland's energy economy: it is heavily dependent on imported energy, but its main source of supply is close to home.

The Soviet Union supplies about two-thirds of Finland's imported energy—crude oil, products, natural gas, coal and electricity. Finland pays for this with deliveries of processed goods, not precious convertible currencies. However, Soviet oil prices are pegged to world market prices, so security of supply does not mean cost stability for Finland.

Due to its long, cold winters, vast distances and the energy-intensive character of its main industries, Finland is one of the world's biggest consumers of energy, whether measured in per capita or GDP terms. It has no indigenous oil, coal or natural gas.

In 1978, 73 per cent of the country's energy consumption was met from imports, and this cost the country FM 7,220m (£800m), well over a fifth of its total import bill. Oil accounted for 50 per cent of the 23.9m tonnes oil equivalent (mtoe) consumed and cost FM 5.5bn. The price increases so far this year will add FM 1bn to the oil bill alone.

These few statistics explain why the battle cries in the energy sector today are conservation and import substitution. They are the fundamental concepts of the energy policy programme for the 1980s recently produced by the Energy Policy Council, a government-appointed body comprising representatives of the parliamentary parties and experts in the energy field.

The council appended to its energy report an estimate of energy consumption in 1978-1990, assuming an annual average growth of 3 per cent in the GDP. It gives two sets of figures. The first ignores the impact of conservation and import substitution measures. The second takes their anticipated influence into account.

According to the first, the ratio of imported energy to

total energy consumption will increase from 73 per cent today to 75 per cent in 1990. In the second calculation, the import ratio will fall to 60-68 per cent by 1990.

For oil and natural gas the ratio changes from 57 per cent today to 50 per cent in 1990 in the first alternative, but goes right down to 34-40 per cent for the second.

The council states that the public sector will have to play a more active part in implementing energy policy. Assuming that the conservation targets foreseen are achieved, a saving of 10 per cent in energy consumption is possible by 1990. The targets will require additional investments of about FM 3bn by industry and about FM 7bn by property owners (mainly house owners) spread over the coming 20 years.

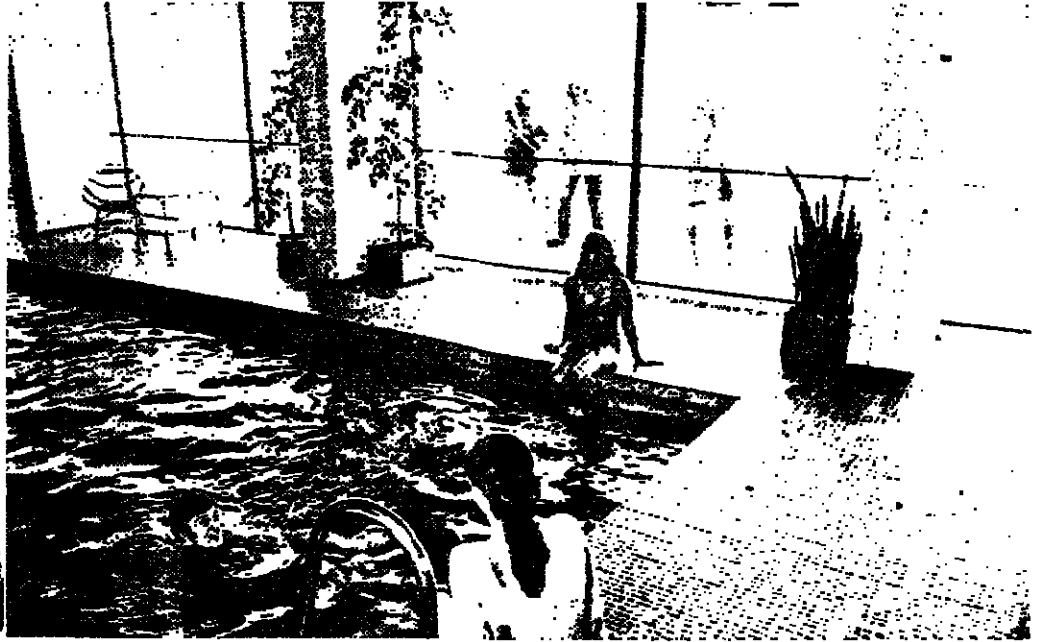
Mr. Erkki Vaara, head of the Energy Department of the Ministry of Trade and Industry, says: "Energy conservation so far has been an entirely voluntary matter. The Government has emergency economic powers to enforce savings in time of crisis. What we need now is laws to cover the intermediate situation between normal and critical."

So-called space heating, essentially the heating of buildings, is a major target for conservation. Space heating accounted for 29 per cent of total energy consumption in 1978.

## Reduced

Mr. Vaara says that this can be reduced by 20 per cent, saving about FM 800m a year (at 1978 prices) in oil costs over the next ten years. It would also create about 20,000 new jobs, which is important in the current phase of serious unemployment.

There are more than 100 points for action in the Energy Policy Council's programme. The new legislation required involves several ministries and will take two-three years to implement. But there is to be no dawdling. Regulations for new buildings published at the end of 1978 call for smaller windows and triple glazing—double glazing is taken for



Economics in heating buildings and their facilities, such as this pool in a Helsinki hotel, are a priority under Finland's new energy policy



President Urho Kekkonen (left) and President Walter Scheel in animated conversation after Dr. Kekkonen arrived in Bonn on his State visit to West Germany last month

## Advance

CONTINUED FROM PAGE 1

ptions to the world economy. The price paid for this successful deflation policy has been unemployment, which reached a post-war peak with 300,000 people out of work. The situation has improved slightly, but a number of jobless is still expected to be very high this year next. Like so many other countries, Finland has not discovered the management methods to equalise the trade between inflation and employment, between the external balance and employment.

Dr. Kivisto has moved from a powerful fortress of the bank of Finland, from which he could impose monetary discipline, into the hurly-burly of a cabinet, from which he must try his hand at fiscal management.

Two recent statements by the premier have indicated the end of his thinking about both the short- and long-term. He expressed concern that inflationary pressures may be revived faster than expected and in television address noted the question of whether the nation

should concentrate attention on the "active" or "passive" sectors of the population. This was a reminder that a balance has to be achieved between the productive base and the demands, such as those for larger pensions, of the welfare state.

## Bureaucracy

Finland has developed all the trappings and the bureaucracy of the Scandinavian welfare state without quite catching up with neighbouring Sweden either in the extent of social benefits or in industrial strength and efficiency. Finland's political parties have committed themselves to the welfare targets but the recent experience of Sweden indicates, as Dr. Kivisto has been pointing out, that a choice must be made.

Industrial investment is picking up again but from a very low level and it is by no means sure that the motivation to invest can be sustained. Despite the economic recovery, company Boards have to weigh up two negative factors: the

development of their payroll costs and the very high level of debt many of them have had to take on during the recession. Wage settlements have been moderate but the rise in nominal wages this year may well be around the 10 per cent mark and it is doubtful whether the improvement in Finnish industry's unit costs relative to its competitors will continue. Probably the rate of inflation will be kept low enough to avoid triggering off in October the wage increases which have been linked to the performance of the cost-of-living index, but the new Government's political cohesion and skills will be tested when a new national incomes agreement has to be negotiated next year.

Beyond these shorter-term considerations loom the strategic adjustments to Finnish industry which most politicians recognise to be required, but on the methods to achieve which they are still very far from reaching a consensus. Finland's impressive economic comeback remains to be consolidated.

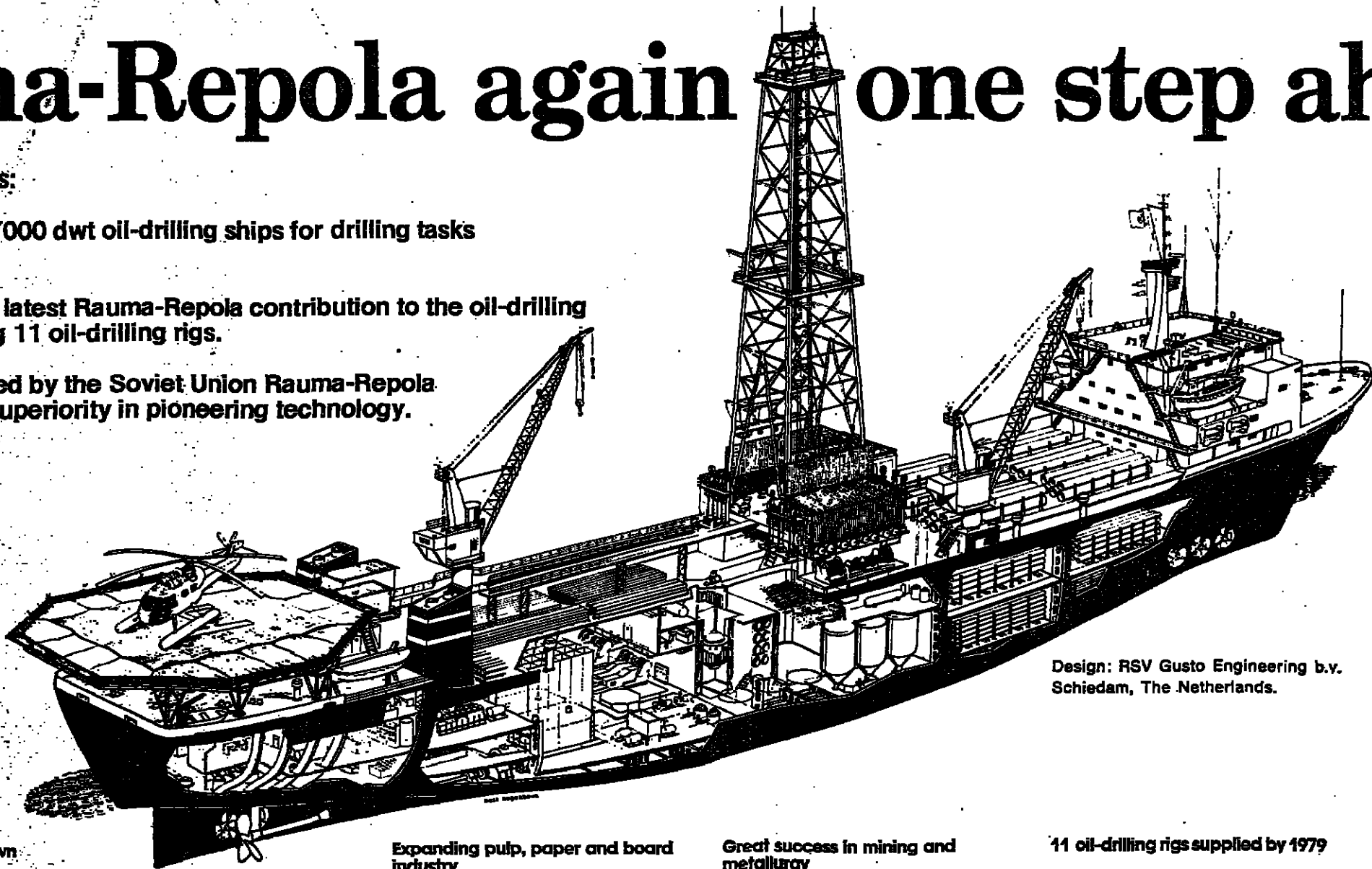
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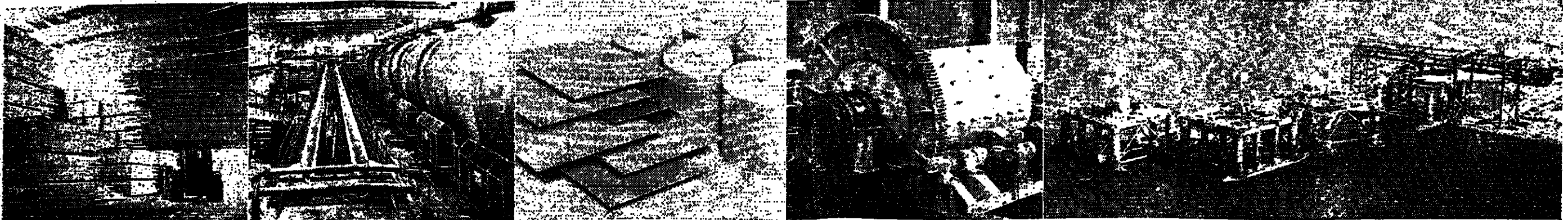
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FINLAND IV

Architect of its own fortunes

DURING HIS recent visit to the Federal Republic of Germany, President Urho Kekkonen gave a forthright and unabashed explanation of Finland's foreign policy to the Overseas Club in Hamburg.

Finland needed neither guarantees nor sympathetic "understandings." The architect of its own fortunes, Finland was a member of the European family looking after its own basic national interests.

President Kekkonen objected to the stereotypes in which Finland's image has frequently been cast abroad and to the persistence of the idea that the European countries outside the two great military alliances were helpless neutrals open to pressure.

years previously in Helsinki when Dr. Kekkonen launched the Conference on Security and Co-operation in Europe (CSCE). Persistence is the hallmark of Finnish policy.

This persistence proceeds from Finland's fundamental objective, which is to preserve the status quo in Northern Europe. President Kekkonen pointed out in Hamburg that the treaty of friendship, co-operation and mutual assistance between Finland and the Soviet Union does not constitute a military pact.

In the light of this treaty, Finland's interests are tightly linked to keeping Northern Europe an area of stability and low tension.

Theory

This is one reason why the Finns are not too happy about the theory of the Nordic balance, the idea that a well armed and neutral Sweden between Finland, tied by treaty to the Soviet Union, and the two NATO members, Norway and Denmark, somehow creates an equilibrium in Northern Europe.

A balance of this kind, however, can be disturbed by military escalation on one side — such as the build-up in the Soviet base in the Kola Peninsula — which would call for a response from the other side.

The Finns would prefer any change from the status quo to be a linear development towards detente. This is why Dr. Kekkonen has persisted with the idea of creating a nuclear-free zone in Northern Europe recognised by both the super powers and why he is constantly alert to any changes in weapon technology or in the global strategic balance which could involve the Nordic countries.

Currently the Finns are concerned about the development of tactical nuclear weapons by both sides in Europe and by the possible effect of the SALT 2 agreement between the USSR and the U.S. on weapons tech-

nology. There is a paradox, here because, while the Finns welcome the new agreement as a move in the direction of detente, they are nevertheless worried that it may prompt the two powers to develop new weapons before they can get on with negotiating the next SALT agreement.

Finnish foreign policy can be charted by the carefully staged set speeches of Dr. Kekkonen. His Hamburg speech was made on May 9 this year. Almost exactly a year earlier, on May 8, 1978, he gave a similar signpost address to the International Affairs Institute in Stockholm, at which he suggested that development of the cruise missile would pose a special danger for the Nordic bloc.

He made no specific reference to the cruise missile in Hamburg but warned against the introduction of new nuclear weapon systems to the European scene. There was already evidence of a new armaments spiral which could threaten the security situation in Northern Europe.

Finnish officials do not disguise their fear that the Americans may develop the cruise missile and introduce it as a standard weapon to their armed forces. These missiles could be fired at targets in the Soviet Union either from aircraft or from naval vessels off the coast of Norway. Their flight paths would cross Sweden and Finland.

Intercontinental ballistic missiles would also cross the Nordic countries but at great height. Cruise missiles snaking across the landscape at heights of 50 or 100 metres would amount to clear-cut intrusions of the air space of neutral countries such as Sweden and Finland.

The American attitude is that the Finns have no reason to believe that cruise missiles will intrude on their air space but Finland has a legal obligation to prevent any attack against the Soviet Union across its territory. Cruise missiles would, therefore, add a new dimension to the strategic situation which could conceivably prompt the Russians to ask the Finns to co-operate in a defence system for tracking and shooting them down before they can reach targets inside the Soviet Union.

In practical terms there is little the Finns can do to prevent such a situation arising apart from emphasising the danger that the development of such weapons could create a

new, high-tension area in Northern Europe and try to prod the other Nordic countries, including NATO members Norway and Denmark, to adopt a combined front against the introduction of the weapons. Moreover, the situation is hypothetical until the full terms of the SALT agreement are known and its effects become apparent.

Reminder

President Kekkonen's Hamburg speech did, however, contain a reminder to his audience and to the super powers that Finland, although a distant border country, is an integral part of Europe. The implication was that as a "positive and permanent constituent of the system of balance in Europe," neutral Finland could not be subjected to change. In other words, any attempt to change the status of Finland would disturb the balance. That applies to the Soviet Union as much as to the Western powers.

The delicacy of the relationship with the Soviet Union was illustrated when Marshal Ustinov, the Soviet Defence Minister, suggested during a visit to Helsinki last July that the two countries' armed forces might hold joint exercises. The suggestion was made informally and privately but caused something of a furore when it was leaked and became public.

Ustinov's move has been interpreted within NATO as a warning to Norway not to go ahead with plans to stock heavy equipment for NATO reinforcements on Norwegian soil and to go slow on combined NATO exercises in Norway. The Finns exercise in Norway. The Finns discount this interpretation. They believe it was simply a "mistake" by the Russians, a misinterpretation of the reaction it would arouse in Finnish public opinion. The Finns believe the Russians have since realised their mistake.

Finland's exposed strategic situation shapes its foreign policy and the relationship with the Soviet Union is central to it, but it would be wrong to emphasise only the problems this situation produces. Finland benefits substantially from trade with the Soviet Union and from the free trade agreements it has with both Western and Eastern Europe.

President Kekkonen said in Hamburg that he could even see moral values in the modus vivendi Finland has developed

with the USSR. Finland's foreign policy was not a balancing act between rival power blocs but an instrument through which Finland could both bolster its own security and work within the world community.

Foreign policy looms larger on the Finnish domestic scene than in almost any other country. It is the cement which binds all political parties from the majority wing of the Communist Party to the Conservatives because, whatever the nuances, they all recognise the fundamental realities involved in ensuring their country's continued independence. This broad consensus should ensure that continuity in Finnish foreign policy will be maintained when President Kekkonen leaves office in 1984.

Hilary Barnes



President Kekkonen (left) and Marshal Dmitry Ustinov, Defence Minister of the Soviet Union, meet at the Presidential Palace during the Soviet Minister's visit to Helsinki last July

Banks keep a firm hand on the markets

IT IS a slightly eccentric trait of the Finnish banking system that loans to the public exceed deposits from the public. There is nothing very mysterious about it, of course. The difference is made up by bank borrowing from the central bank. But for the first time for years the situation is currently moving towards balance.

This helps to explain a number of important innovations in credit policy. During recent years the central bank has exercised control over domestic credit by regulating the size of the following quota, but this month the quota was reduced from FM 500m to FM 200m. Not long ago the quota was several billion markka.

The central bank has therefore developed other instruments of control. In March it introduced a cash reserve system. The system was activated in two stages and reserves are now 0.80 per cent of deposits. Further increases are expected since liquidity is currently growing fast as a result of a current balance of payment surplus and substantial capital imports.

Interest rates are politically fixed. The discount rate is 7.25 per cent, the only market in which interest rates are flexible is the cold money market, which is the second new instrument of credit control. It was established in 1975 and is becoming increasingly important.

Its primary function is to even out liquidity differences between the banks and to take account of seasonal variations.

It is, however, also being used as a means of soaking up liquidity generated by the Government budget deficit. The total sum of outstanding call money debt was increased this month from FM 4bn to FM 5bn, mainly to facilitate the

incorporation into the market of Postipankki, the post office bank, which is banker to the Government.

As Government finances have sometimes come close to the point where next month's wages were in danger, Postipankki has had to maintain a very high liquidity ratio. The access to the call money market is intended to ease the position which arises for both the Government and the bank when the Government gets its liquidity forecasts wrong.

The other commercial banks may feel that this is a new move to increase Postipankki's competitive edge, although the central bank insists that the initiative was entirely its own. The State-owned Postipankki has an interesting role, not only as banker to the Government but as an increasingly aggressive competitor to the other banks.

Fluctuate

With total assets of FM 12.5bn at the end of 1978 (compared with FM 16.2bn and FM 16.0 bn for the two main commercial banks, Kansallis-Osaki-Pankki and Union Bank), the bank is not subject to the bank inspectors but to the Ministry of Finance. It does not have a credit quota with the central bank. It is supposed to follow central bank credit policy, but in practice its fortunes tend to fluctuate with Government finances. As these are healthy today Postipankki has been able to increase its lending at an annual rate of over 20 per cent in the first quarter.

Postipankki has increased its international business especially fast. It only obtained permission to carry out foreign business in 1970, and this business has now grown to FM 7.4bn a year. This reflects the im-

portant role which the bank plays as banker to large industrial and commercial customers. A business it has developed strongly in the past few years, partly on its own initiative but also with the leverage of the recently established State Investment Fund, set up under the Ministry of Finance and administered by Postipankki to provide soft loans to industry. Postipankki is setting up a representative office in London this year and plans to turn it into a wholly owned subsidiary later. This will make it the first Nordic bank with a normal commercial banking unit in London, although other banks are represented by the Nordic Consortium Banks.

Kansalliset and Union Bank have also internationalised fast recently. They began 15 years ago together with other Nordic banks in forming the successful Nordic consortium banks. Kansalliset is joining Copenhagen Handelsbank and Den Norske Creditbank in Svenska Handelsbank Nordic American Bank in New York. Union Bank is waiting to see how New York's attitude to foreign banks develops before taking a similar step. Skop, the central bank for the savings banks, has also decided to open a representative office in London this year.

Skop, Kansalliset and Union Bank all have wholly owned subsidiaries in Luxembourg which are used to assist Finnish business in Europe. Union Bank has taken an interesting initiative this year by setting up a team in Luxembourg as a corporate service unit. Their job is to assist small business by finding export channels and connections. "We know so many companies with a good product but no marketing, so we are doing some export promotion," said Mr. Erik Stadig,

general manager of Unibank's international division. While the Finnish banks are going abroad, foreign banks are not permitted to operate in Finland except with representative offices. The new Bank A, which came into force in 1977 did not change this situation but a new Companies Act, going through Parliament, will allow the Government to license foreign banks from January 1, 1980. Mr. Ju Linnamo, director of the bank inspectorate, said that severe foreign banks have express interest, but it is regarded doubtful whether the Government will actually agree to license foreign banks.

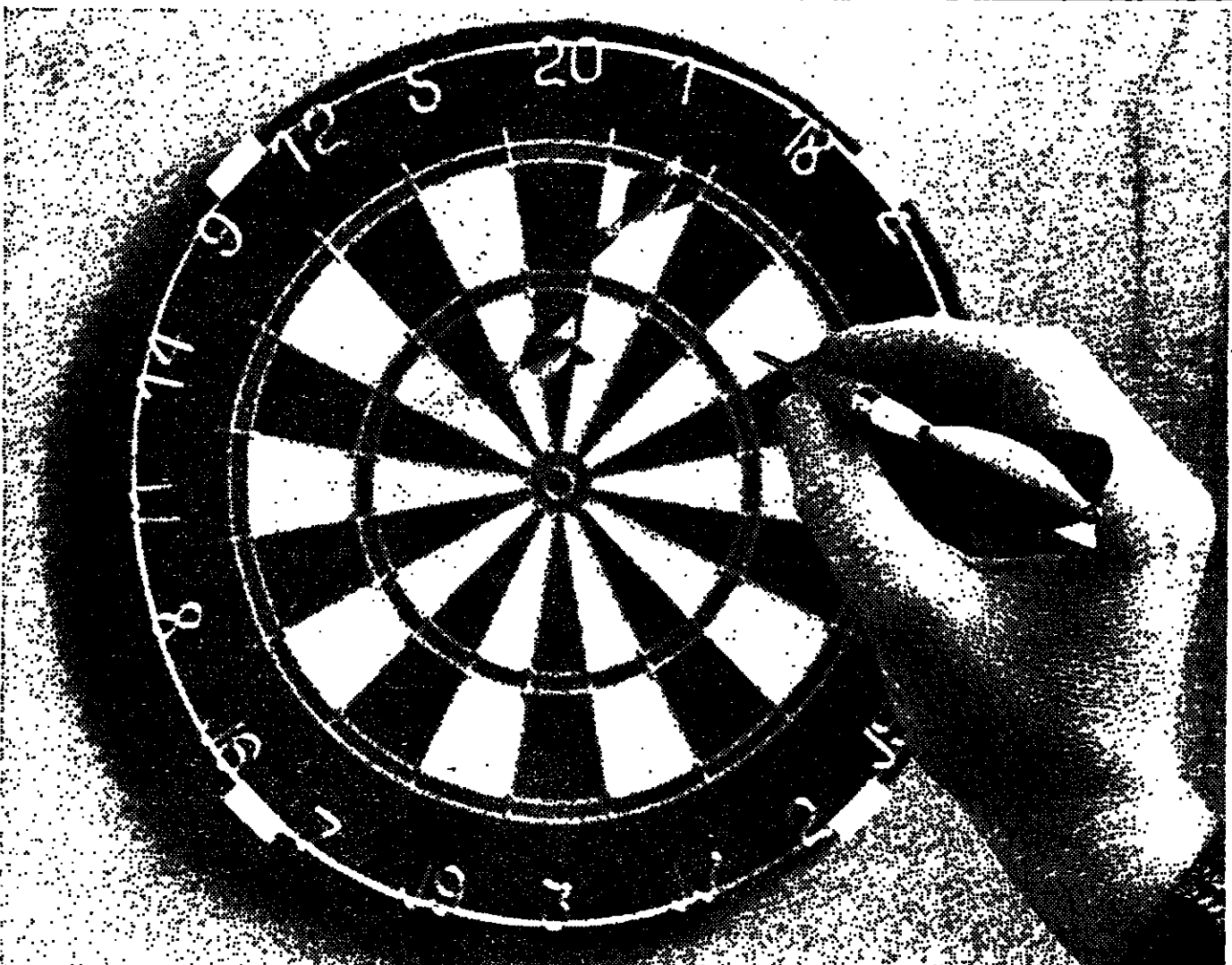
Deficit

The banks are now operating in easy liquidity conditions as a result of a payments surplus and a Government budget deficit, which is being financed to a considerable extent by borrowing abroad.

Under former governor, now Prime Minister Mauno Koivisto the control of credit expansion played a crucial role in bringing savings and investment in balance and thus eliminating the current external deficit. B the rate expansion of bank deposits and advances is again rising to level which tipped the current account into deficit at the beginning of the 1970s. But deposits rose by 14.6 per cent in the 12 months to May (commercial bank deposits 17.2 per cent) and advances 11.3 per cent.

The authorities have given plenty of indications of a tighter grip on credit expansion is very much on their minds.

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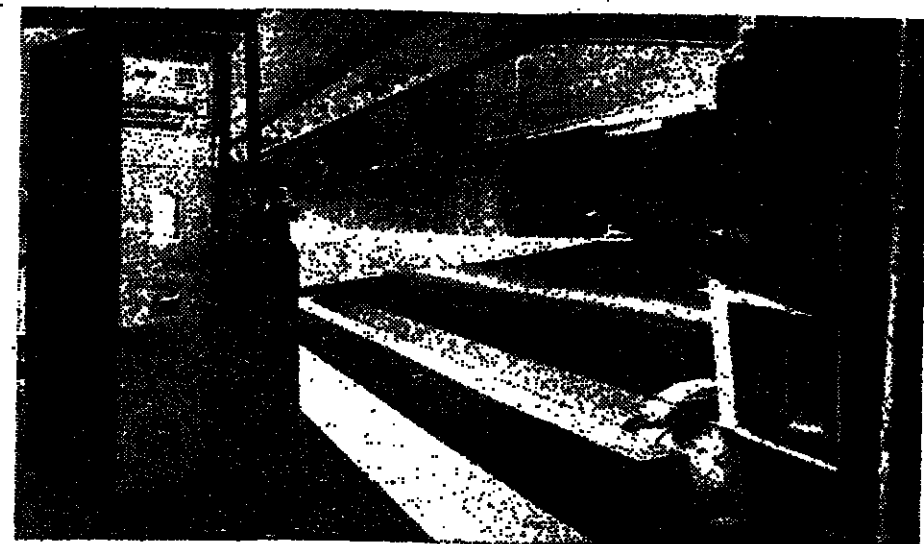
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# USSR still heads the trade list

SAFING IDLY through the eyes of old files in the Central Department of the Ministry for Foreign Affairs, an official was struck by the fact that 100 years ago Finland's main trading partners were Russia, Germany and the United Kingdom.

Today, the ranking list is the Soviet Union, Sweden and the Federal Republic of Germany. Japan has fallen to fourth place. As far as anyone can see in these uncertain times, the order will stay the same throughout the 1980s.

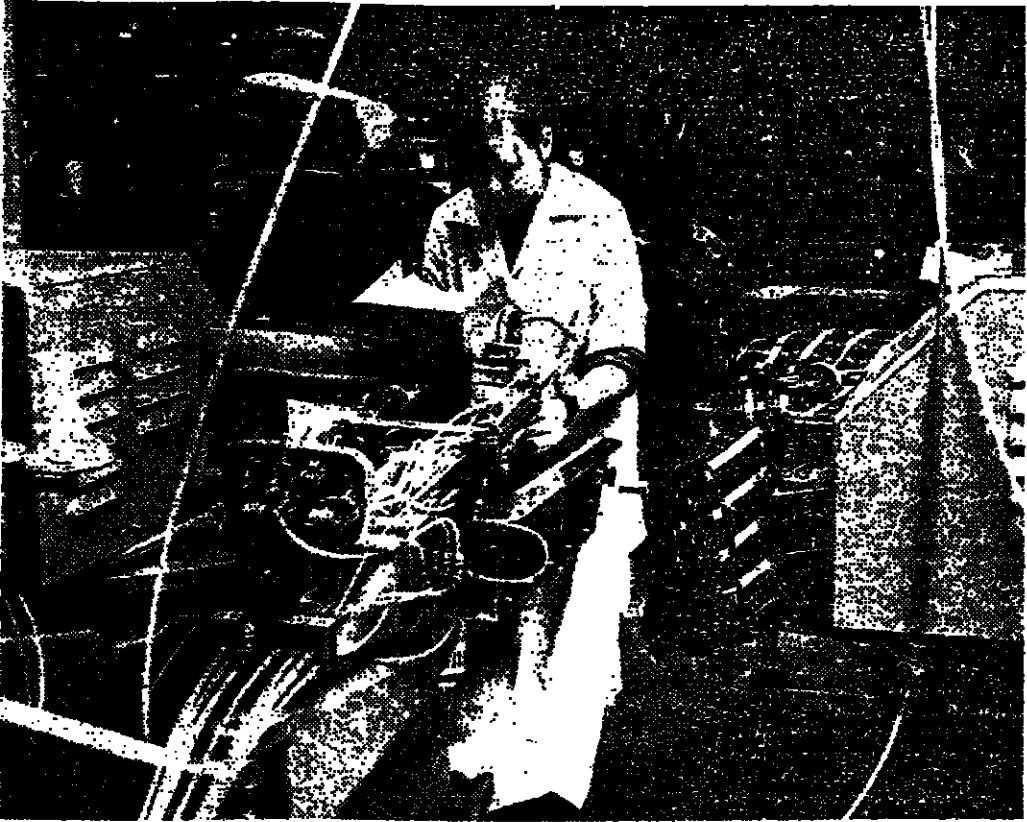
One thing seems certain, and that is the continued pre-eminence of Western Europe (EC plus EFTA) in Finnish foreign trade. This area took up 60 per cent of Finnish exports and supplied about 57 per cent of Finnish imports in 1978.

The Soviet Union's position at head of the field is probably unassailable now. The only question is by how much this will lengthen. Finnish-Soviet trade is about planned and organised as it is in the face of soaring oil prices, gyrating exchange rates and the looming problems of the South trade. It is still based on five-year framework agreements with detailed lists of exports and imports. These are translated into still more detailed lists year by year.

Superimposed on this is the Finnish-Soviet Long-term Programme for the Development and Intensification of Economic, Commercial, Industrial, Scientific and Technical Co-operation until 1990. This programme was signed in May 1977. It must be noted that it is a programme, an agreement. But it is intended to help Finnish industry make longer-term production and investment plans and its exchanges of goods with the Soviet Union.

ack is also intended to take out slack that comes at the end of each year period. There is usually a lag time before long-deliveries (icebreakers, lines for pulp and paper, and so on) get under way, another at the end of the year period when the long-term contracts have been let.

A Finnish engineering and building sector is experiencing now as the 1976-1980 agreement runs out. Negotiations for the 1981-1985 period just started and should be concluded early in September. About two-thirds of Finland's imports come from the Soviet Union, including most of the oil. The oil is sold at world market prices, and what havoc the oil crisis has done on the most carefully planned can be seen in the rise for the two five-year periods 1966-1970 and 1971-1975, the earlier period Finnish trade increased by the average of about one per cent but in the second the rise was no less than 117 per cent. The trade is bilateral, volume of oil imports did not increase significantly, but also did not decrease. The trade must be kept in balance over each year period. Finland had to up its exports to the USSR



Finland is looking for a 4 per cent economic growth rate. A scene in Lassila and Tanoja, a factory at Seinajoki, Western Finland, which manufactures shirts, dresses and trousers

to pay for its swollen energy bill. It suited the Finns well enough, for the alternative would have been to find convertible currencies and join the scramble in the free energy market.

So far, exports to the Soviet Union have been mainly manufactured goods and building projects across the border, while imports from that country have been chiefly primary products — two-thirds comprise crude, oil products, coal, coke, natural gas, electricity, and nuclear fuel services.

As long as the trade is bilateral, and as long as oil prices rise, Finland will have to find other goods to buy from the Soviet Union, which is anxious to step up its sales of more processed products. According to the target estimates given in the long-term programme, Finnish imports of Soviet machinery and equipment will be increased considerably in the five-year period 1981-1985, but even then will account for only 5 per cent of total imports. The solution to this problem will be one factor influencing the Soviet lead in the Finnish foreign trade listings. At present, the Soviet Union accounts for nearly one-fifth of total Finnish foreign trade turnover. It seems likely that this will increase to a full 20 per cent this year. How much the lead will lengthen will also depend on another factor, according to a senior Finnish official. This is the state of the economy of the West European countries that make up Finland's most important market. The trend in the past has been that when exports to Western Europe expand, exports to the Soviet Union show "normal" growth. Present OECD forecasts point towards a recession in the next year or so rather than a reinforcement of the current upturn. Finland is satisfied with its agreement on free trade in in-

dustrial goods with the EEC and is looking forward to 1984 when the last tariff barriers are dismantled, especially for paper products. For the interim period until then the headache is North America. As the same Finnish official put it: "We wish the U.S. and Canada the best of economic health, because they will consume all the paper they produce."

When the U.S. economy catches a cold, both U.S. and Canadian producers start off-loading their marginal surpluses of paper in the West European market, and they are highly competitive although Finnish exporters are more or less playing on their home ground in Europe.

### Preferential

This lent added importance to the last round of GATT negotiations in Geneva. Finland came away "pretty satisfied." Its preferential treatment within the Common Market vis-à-vis North America was maintained, and the codes on non-tariff barriers were accepted.

A relatively new trend is Finnish exports in project marketing in overseas — as opposed to European — markets.

Finnish builders, consultants, engineers and others have won a firm foothold in the Middle East oil-producing countries and parts of the African mainland. Now they are looking still further afield.

Recently they won two large orders in the Philippines worth FM 1,100m (£138m), one for a complete pulp and paper mill, the other to open a copper mine. More orders are in the pipeline. The Latin market is receiving increasing attention, but not as much as it perhaps deserves.

An economic growth rate of about 4 per cent a year will be required in the 1980s if the present serious unemployment problem is to be beaten. This, in turn, will require, according to one recent estimate, a 6-7 per cent expansion of exports annually.

The latest forecast for 1979 is a 6 per cent increase in exports, but only 2.8 per cent in 1980. One longer-term forecast for exports in 1979-82 is an annual average growth of 5 per cent, which is getting near the mark. But it leaves no room for complacency or for unexpected setbacks, such as oil price increases.

Hilary Barnes

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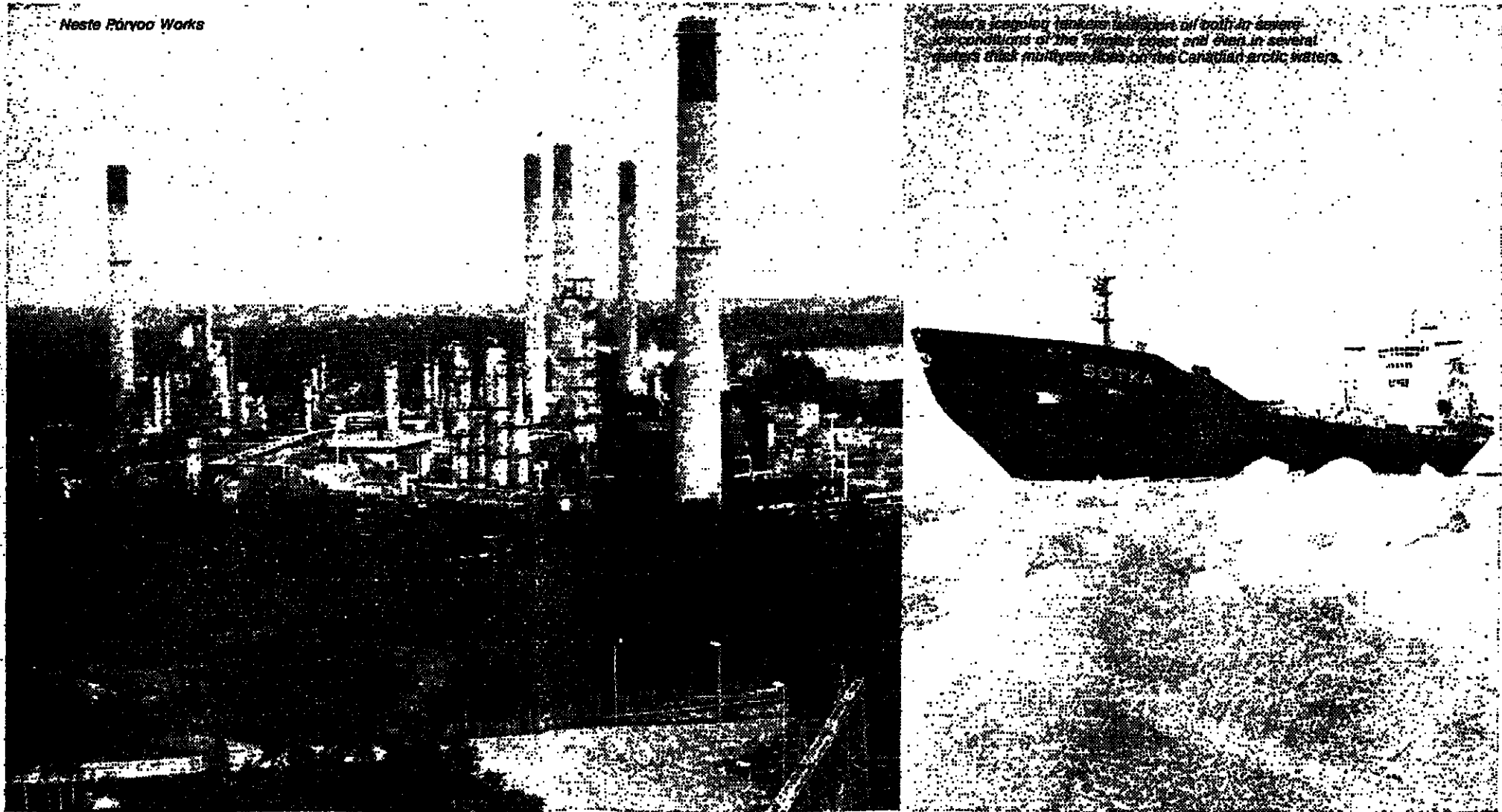
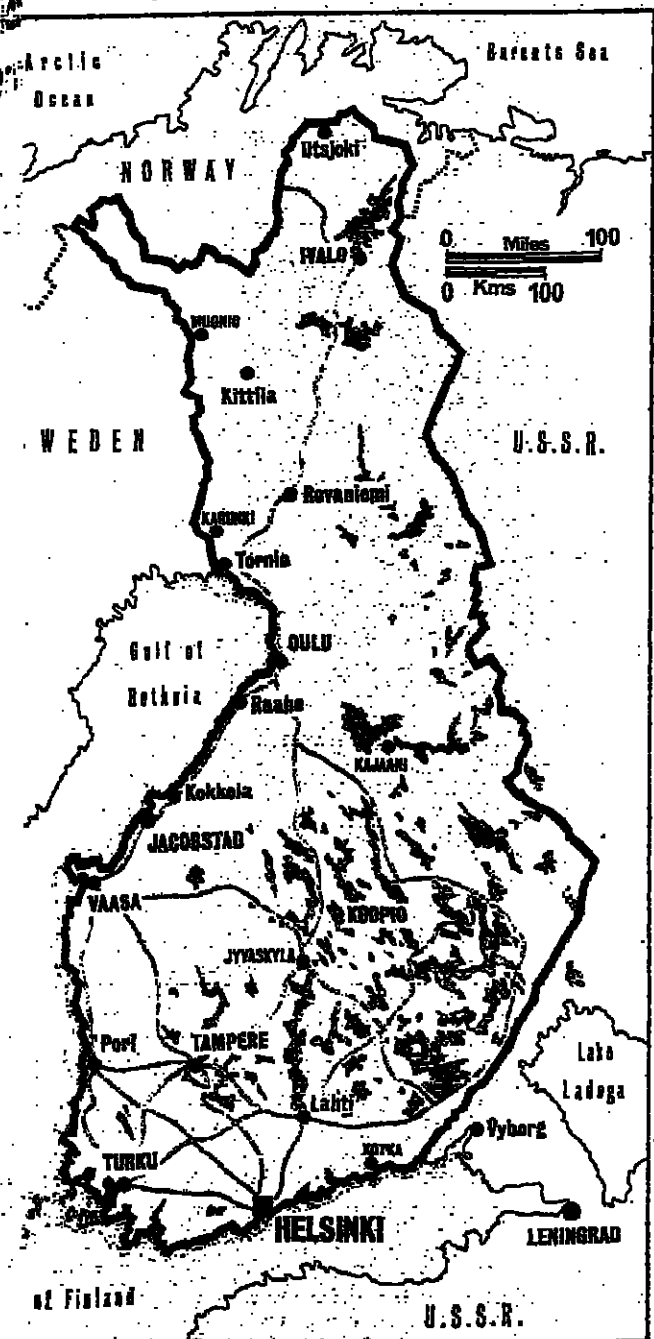
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# NESTE Finland's national oil company

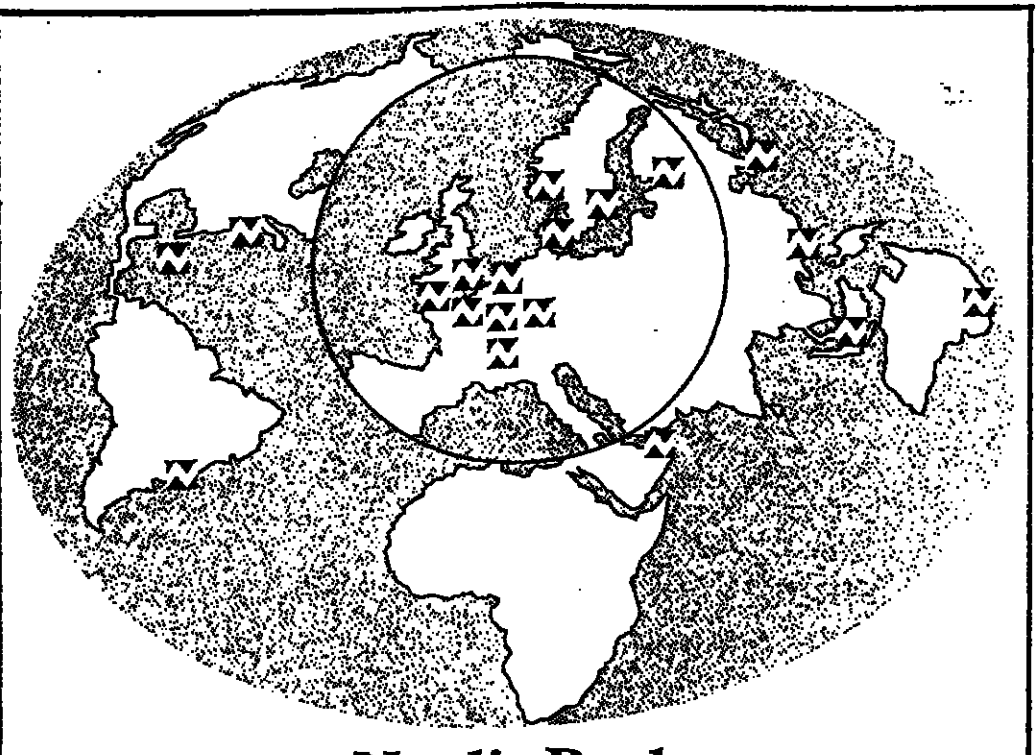
- **REFINING:** Neste's output of oil products meets three quarters of the demand in Finland. Total annual refining capacity is 15 million tons.
- **PETROCHEMICALS AND PLASTICS:** Neste produces ethylene, butadiene, propylene, benzene and VCM as well as plastics. LDPE and PVC are marketed by Pekema, subsidiary to Neste.
- **NATURAL GAS:** Neste imports natural gas and distributes it through its own pipeline system.
- **SHIPPING:** Neste has a tanker fleet for transportation of crude as well as oil and gas products. Most of the vessels are designed for difficult winter conditions.
- **ENGINEERING:** The engineering and construction of Neste's refineries and extensive petrochemical complex and associated facilities such as harbours, tank farms, water cooling systems as well as waste water treatment plants have to a large extent been carried out by the company's own Engineering Department. Through these and other integrated functions Neste combines knowledge with practical experience. All this is at your disposal.

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# Turn for the better in forestry sector

FINLAND'S FOREST industry has just emerged from a four-year period of severe recession. Given that reference point, and discounting the magnitude of the change by the general relief at its long-awaited appearance, it has entered what might be called a good period. Now there are grave doubts about how long that can last. Today's smile of relief may be tomorrow's all too familiar frown of worry.

The conventional method of analysing the short-term performance of an industrial sector according to the percentage changes in volume or value can give misleading results when the period of comparison was an "abnormal" one. Given this reservation, here are some numbers indicating the improvement in the results of the Finnish forest industry in 1978-1979.

The year-on-year volume growth of exports in 1978 was 17 per cent and the value increase nearly 20 per cent. The forecasts for 1979 are 7 per cent and 18 per cent respectively. In the course of the current year the volume of forest industry production will return to the 1973 pre-recession level, and the same will be true of the volume of exports.

increase in 1979 by about 1 per cent to 5.5m cubic metres, plywood by some 3 per cent and other board qualities by 5 per cent. The biggest relative increases in export volume are forecast for pulp, which might rise by 17 per cent to 1.8m tonnes, and for paper, which is expected to grow by 8 per cent to nearly 5m tonnes. The paper group comprises paper, board, and converted products of paper and board. The corresponding value increases also look good, especially the 53 per cent rise for pulp which has been the leading loss-maker in the forest industry for years.

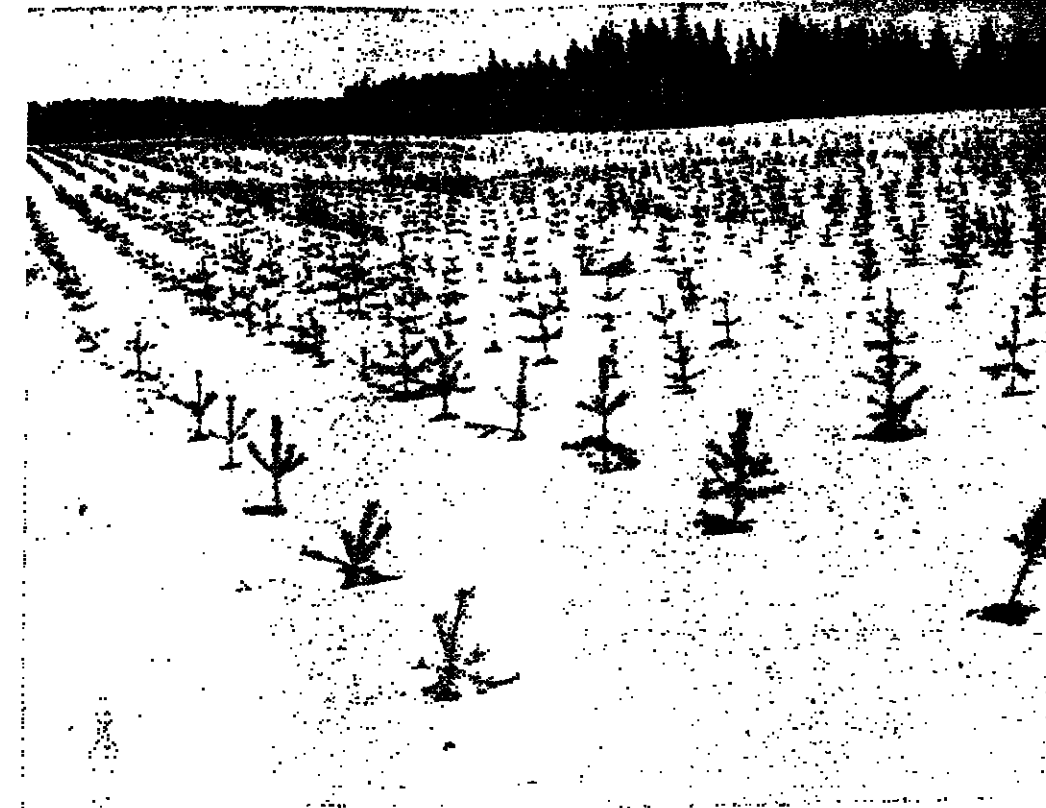
But the value estimates for 1979 are nominal. Using a price index in which 1974 = 100, the real prices in 1979 (that is, nominal price deflated by the wholesale price index) are about 25 per cent below the 1974 level for sawn goods, 5 per cent under for bleached sulphate pulp, a couple of per cent higher for newsprint and more than 30 per cent lower for kraftliner. Nineteen seventy-four is chosen as the reference year because that was the first full year after the oil crisis and before the period of real economic recession in Finland.

In presenting these figures to the Press, Mr. Matti Pakkanen, managing director of the Central Association of Finnish Forest Industries, likened the Finnish forest industry to a ship that ran aground three or four years ago and has recently been refloated. The pumps must still be manned to get rid of the water that poured in and upset its trim.

Specifically, the problems are weak profitability, precarious international competitiveness and the heavy debt load incurred during the pre-recession investment boom which resulted in high debt management costs that increased during the bad years when net earnings were insufficient to meet interest and amortisation payments.

## Weakened

Three fairly large wood-processing companies required a massive rescue operation by the private banks and the public sector to save them from bankruptcy during the recession years. The largest corporations have come through, but much weakened. Still, even in the 12 months since mid-1978, when the upturn really started, they have managed to get things more shipshape, and the rehabilitation is continuing apace. The upturn should continue into early 1980—that is the most that anyone will predict just now—so they should



Part of the new plantings of trees needed to keep up with the world demand for wood and paper

have another year of peace in which to continue the work. Or so they thought until recently.

Prime Minister Mauno Koivisto, whose Government took office in May this year, has said that a new wave of inflation is the greatest danger facing the Finnish economy today. As the long-time Governor of the Bank of Finland he should know, and for a Social Democrat he enjoys extraordinary confidence in the business world. Inflation both of domestic origin and imported will be countered, according to his Government's programme. And a revaluation of the Finnmark cannot be excluded, he said, as a means of containing imported inflation.

This observation followed closely on a demand from Left-wing economic researchers for a revaluation and a levy on export earnings, meaning in essence forest industry export earnings. According to one calculation the de facto revaluation effected by the Bank of Finland a few weeks ago will cost the forest industry FM 130m (£16m) in lost earnings this year.

The forest industry argues that what it is enjoying today is not windfall profits but a restitution of some of the losses

it suffered during the past three years of deficit operations. It can scarcely make the necessary replacement and rationalisation investments, let alone consider enlargement of capacity. There is hardly a company that has been able in the past three years to make more than a third of the depreciation needed. If the predicted investment volume in the current year is achieved (approximately FM 2bn), it will still be only a half of the investment volume in the wood-processing sector in 1975.

What the forest industry is asking now is to be allowed to get on with its plans for the immediate future without artificial interventions such as revaluations and levies. It would also like to see some longer-term decisions on tax policy. At present productive investments in machinery and buildings will enjoy turnover tax relief until the end of this year. These reliefs were introduced a couple of years ago, but only for short periods at a time, which is hardly conducive to longer term planning.

Only one Finnish company has placed a definite order for a new paper machine this year, but four more are likely to

place orders in the near future. There are also a couple of conversion plans in the offing, for newsprint to fine papers or from sackkraft to newsprint. The pulp branch, there will be more emphasis on mechanical than the chemist side. Enlargement of sawmilling, plywood and other board capacity is unlikely in the near future.

Most branches of the forest industry are working at or near capacity today. World forecasts suggest that the consumption of paper will increase by an average of 3 per cent a year. Thus new capacity will be needed, but when Finland will build it depends on what is happening elsewhere in the world.

The Finnish industry watching the North American situation closely. If there is recession there later this year, North American producers will be seeking outlets for the surplus capacity in the European market. As they can do so at very competitive prices, Finnish producers may find themselves squeezed once again in what is their main market area.

L.I.

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THE FORESTRY industry provides over 40 per cent of Finland's export income and a substantially higher proportion of net export earnings. It exploits the country's largest single natural resource, a renewable one. Thus, the national interest demands that the industry be effective and competitive, and public policy in the long run can hardly ignore this demand.

This premise has to be stated when speculating about the prospects for the pulp, paper and saw mills during the next decade because they have just experienced a rough period, when few, if any, were running at a profit. This period of depression lasted longer than expected, bit deep into company finances and exposed weaknesses.

The industry will enter the 1980s in some turbulence. Its shape at the end of the decade will depend partly on market developments abroad but also on decisions which have to be made by both Government and individual companies to resolve problems. The better results expected from this year's trading cannot conceal the difficulties, although at worst they might lead to the postponement of the decisions for a year or two.

Some of the decisions will be political and controversial. They concern the balance between farm and industrial earnings, taxation and exchange rates. They are likely to raise the issue of the degree of state intervention in the operating of the forest and the allied processing branches. Most probably the Finns will emerge with the pragmatic solutions at which they usually arrive when a national interest is at stake.

The internal difficulties which the Finnish pulp and paper industry will have to overcome in the 1980s are the high cost and irregularity in the supply of their raw material, and financial management practices

which have left them with extraordinarily large debts. The external threat comes from the North American producers, whose costs are sufficiently low to enable them to compete on the West European market. At a later stage the developing countries, such as Brazil, whose fast-growing plantations will give them a price advantage, will be able to take over some traditional Finnish export qualities.

The raw material problem is not primarily that of the limits to the total supply. The amount of wood cut in recent years has fallen short of the allowable cut and the annual increment. The three MERA programmes to improve silviculture demonstrated that the wood supply can be raised further before the ultimate limit is reached.

The Forest Research Institute calculates that a 10 per cent increase in the allowable cut to some 66-67m cubic metres a year is possible between now and the end of the century. Finland has been importing annually some 5m cubic metres of raw material from the Soviet Union. If that import is continued, the present allowable cut would exceed the timber requirements of the present industry, even when it is working at full capacity.

## Ownership

The restraints derive from the high cost of the wood and the forest ownership pattern. Costs have been boosted by the political aspiration to provide farmers and forest workers with incomes comparable with those of industrial workers. They are also kept high by an ownership pattern which makes rational harvesting difficult. The average size of a forest holding in Finland is 35-40 hectares.

Under these conditions the Finnish pulp and paper mills start with a severe competitive disadvantage in raw material costs compared with mills in the

southern U.S. and Canada. In the Southern States, in particular, the growing time of the trees is far shorter and plantation sizes facilitate rational, large-scale harvesting. Mr. Aarno Esila of Jaakko Pöyry, the forest industry consultants, calculates that wood under bark costs \$35 a cubic metre at a Finnish mill compared with around \$20 a cubic metre in the southern U.S.

The ownership pattern produces another major problem which will have to be solved in the 1980s and which perhaps more than any other raises the question of state intervention. It affects the regularity of the timber supply to the mills.

Around 72 per cent of Finnish forest land is privately owned, with only about 8 per cent belonging to companies. In the remaining 64 per cent there has been a steady shift in ownership away from working farmers to people who do not depend on the income from their forest holdings. Their plots have mostly been inherited and are regarded as an object of capital appreciation and a leisure facility as much as a source of income. It is estimated that about a quarter of forest land now belongs to these so-called "passive" owners.

For them the sale of timber is a marginal source of income. They can wait for the peak price or they can fell trees to pay for a heavy investment such as the buying of a house. They are influenced by the relatively high marginal tax rates they will have to pay on their timber sales. Their behaviour does not contribute to a regular supply of raw material at stable prices for the wood-processing branches. This year their resistance to the current prices offered threatens some mills with stoppages for lack of raw material.

The issue is red hot political.

ally and divides the two main parties in the governing coalition, the Social Democrats and the Centre (formerly Agrarian Party). The Centre Party claim that taxation on forest owner is too high and that since 1977 they have experienced both lower returns from the sale of timber and higher tax charges. The Social Democrats, backed by the Communists, stress the increase in the value of forest holdings and the necessity of ensuring an adequate supply of wood for the mills.

The central organisations of the mills and the farmers, which already negotiate recommended timber prices, are now trying to work out a voluntary agreement on the volume of supplies as well. It is difficult to see how this could be organised and how it could cover the "passive" owners.

## Adjust

The forest industry organisation is currently working on the idea of a price equalisation policy, which by preventing violent fluctuations in price could ensure a more stable supply of wood. The difficulty would seem to be how to adjust such a guarantee to the fluctuations in saw, pulp and newsprint prices on the export markets.

A review of the tax system is another suggestion mooted. State subsidies are recognised to be a dangerous solution, not least because of the hostility within the EEC. In any case the issue will have to be solved soon, either voluntarily or by State intervention, if the mills are to operate rationally in the 1980s.

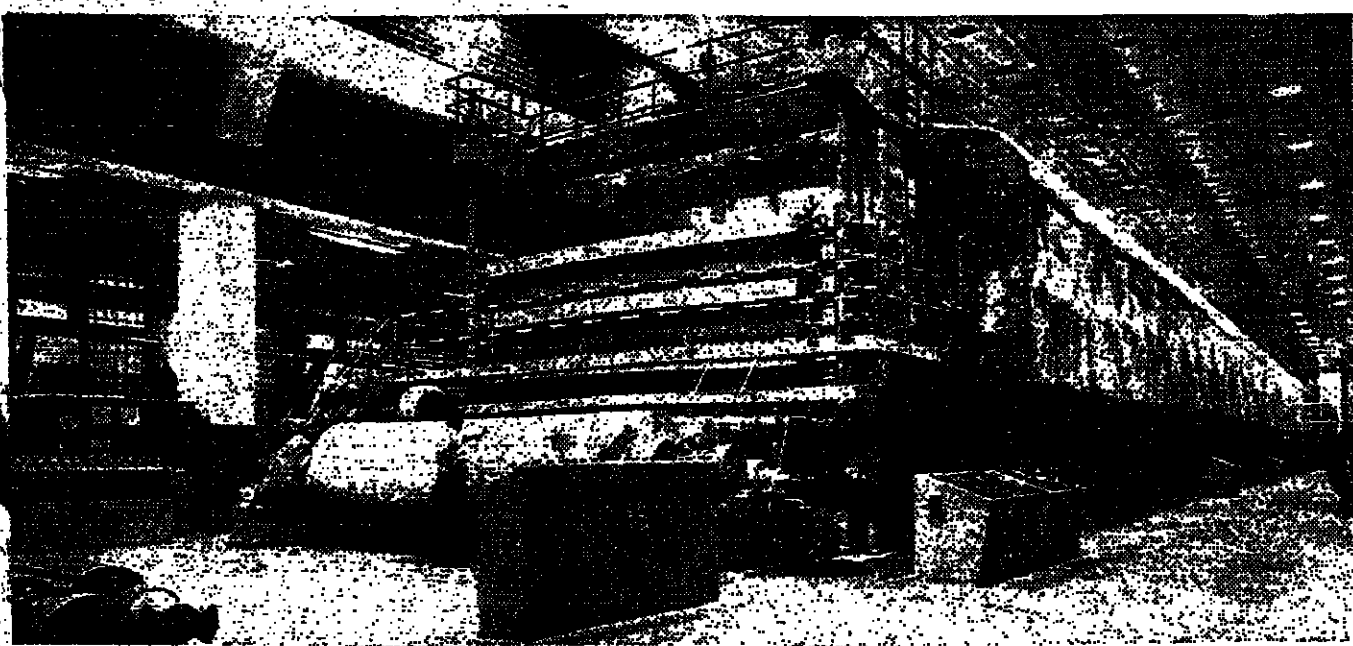
Whatever the outcome the mill managers know that they will have to live from now on with high raw material costs. The implication is that they will need to develop new product mixes during the next decade.

CONTINUED ON NEXT PAGE

*Jylli*



ملكيه المصنوعه



Finnish manufacturers of machines for the pulp and paper industry know they must maintain a technological advance if they are to keep their market share

# Paper machinery sales boom

LAND'S PULP and paper machinery manufacturers have one word in their sales pitch. The most spectacular evidence for the pick-up has come from the Philippines, where Finnish companies shared Sweden's Stal-Laval a contract for a pulp and paper mill on the island of Anao, but older customers also been placing orders.

The TVW group, for instance, has an order book worth \$325m, which is twice as much as it was a year ago and as the three companies intend of being able to operate normal work load at least the end of 1980. About 80 per cent are export orders. The group has been averaging sales of about \$100m but year turnover could be as high as \$200m.

Competition on the world market remains tough, however, as is still considerable overcapacity in the engineering of lines for the pulp and paper industry and the Finnish producers know they must maintain a technological advance if they are to retain their 15 per cent share of the market.

They are making a considerable effort in research and development both to improve the efficiency of their traditional lines and to produce new products for developing countries which need to exploit local raw materials. The group has continued in the past year to expand their sales and are geared to produce a turnover package deals expected to become increasingly common.

Use will involve not only the purchase of equipment but also technical assistance and training.

**Groupings**

Finnish manufacturers are in three main groupings. The TVW group comprises all the board machine lines; Valmet, which concentrates on large, high-speed machines; and Wartsila expertise lies in paper mill equipment. Rauma-Repol is a world leader in pulp machinery and has a long-standing relationship with the largest paper manufacturer.

Ahlstrom specialises in heat recovery technology and its part of the Kamyr group. The other members are Mekonite Verkstad and Myrens Verksted, which are the Norwegian group. Kamyr is the largest in the world in con-

tinuous digesting and bleaching equipment for pulp mills. It has been estimated that about half the pulp produced in the world passes through Kamyr equipment.

All the Finnish companies are conglomerates whose forest industry machines are one product sector in a spread ranging from pulp and paper goods to several types of engineering operations. The pulp and paper machinery business was developed after the 1939-45 world war, when the Finns had to pay reparations to the USSR, and the Soviet market remains a major and expanding source of orders.

North America and the Nordic bloc have been the other major markets. Tampella, for instance, has sold 12 board machines to North America and in the first two months of this year announced two rebuilding orders. Valmet paper machines are common in the U.S.

Increasingly over the last few years, however, the Finnish companies have been gearing up to exploit other areas of the world.

All now have some involvement in Japan and South America. The TVW group licenses Sumitomo in Japan and won its first order there this year on a market which has been a traditional Beloit stronghold. The group also set up a sales office in Singapore last October.

Ahlstrom sells its pulp-making equipment in Japan through the Gadetsu company, which is a subsidiary of Svenska Fikt of Sweden. It also has an agreement on paper-making equipment with Kobayashi.

All major Finnish companies are establishing themselves in Brazil. The TVW group expects to start building an engineering plant at Campinas this summer in co-operation with the Brazilian Pilsa group and the Brasinvest investment company. This is an investment of close to \$20m, of which TVW's share is 47.5 per cent.

Rauma Repola has announced plans to set up a manufacturing base together with Beloit and a Brazilian partner, Montero Aranha, at a neighbouring site in Campinas. The Kamyr group, in which Ahlstrom is engaged, has started producing bleaching plants in Brazil and has received its first orders.

The \$200m Philippine contract concluded with Manila Paper Mills in May this year is an example of the packaged projects the Finns are now providing.

The Finnish consulting company, Ekono, will hold the management contract and was responsible for organising the consortium to build the pulp

and paper mill, which will have an annual capacity of 190,000 tons of bleached sulphate pulp and 165,000 tons of fine and printing papers. Wartsila's share of the contract is about one-third and covers the fibre line, the coating and finishing machinery as well as water and waste treatment plants.

Another third goes to Valmet for two paper machines and other equipment for the paper mill, while Ahlstrom will take about 20 per cent of the order with its boiler and chemical recovery equipment. The mill is expected to go on stream in the first half of 1982.

The Finnish manufacturers can benefit considerably from having as their compatriots Jaakko Poyry, the world's leading forest industry consultants, and Ekono. The latter company is also responsible for building a sulphate pulp mill in South Korea, for which two Finnish companies won orders last year. Rauma-Repol delivered the main machinery, worth about \$15m, for the fibre line, while Ahlstrom supplied a soda recovery boiler, an auxiliary boiler and a lime kiln.

**Know-how**

Other Finnish companies have started to sell pulp and paper-making know-how. Early this year, for instance, the State-owned Enso-Gutzeit company signed a technical co-operation agreement with a Honduras concern. This covers the building of at least two sawmills, constituting the first phase of the Olancho project, a \$600m development plan for the wood resources of central Honduras.

The Finnish companies calculate that their main markets will continue to be in the Nordic area, North America and the USSR, where long-fibre raw materials predominate, but they have also charted a growing need for short-fibre technology in countries starting up pulp and paper production. These countries frequently want to make paper from a variety of raw materials and, because the market is not large enough for one product, they also want a varied product mix.

The TVW group, in particular, has concentrated on developing this type of technology. Last year it completed a machine for Argentina which manufactures newsprint from short-fibre willow and started up another newsprint machine in Peru based on bagasse. Recognising that developing countries will need multigrade machines, the group has experimented with and is ready to offer equipment designed for the complicated product mix

which, for instance, new mills in South-East Asia may be expected to demand.

One strength of the TVW group is that all three constituent companies possess, or have access to pilot machines, on which they can experiment with the use of different kinds of short-fibre materials, such as bagasse and tropical hardwoods. Valmet carried out lengthy tests in its research department before it could produce a satisfactory newsprint for the Argentine mill.

The Finns are not neglecting markets closer to home, however. Both Ahlstrom and TVW have staked out positions in France in anticipation of the delayed restructuring of the French paper industry. Ahlstrom has 97 per cent holding in Pierre Hansen while this year TVW took a stake of over one-third in the Allmand company, with which it had previously had a licensing agreement.

This investment opens up several interesting prospects for TVW. It offers another channel into the EEC market and also the possibility of exploiting Allmand's present connections in French-speaking areas and such countries as Turkey and the Philippines. Not least it could enable TVW to participate in projects financed by French export credits.

TVW also set up a sales office in London last year with an eye mainly to finding modernising jobs at the British mills. Valmet has picked up an order from the North of Ireland Paper Mill Co. for a tissue paper machine.

The strategy which the Finnish manufacturers are developing for the 1980s is already taking shape. They will continue to rely heavily on their traditional markets and can expect to win a considerable share of the regular rebuilding and modernisation orders but as high-cost producers they will have increasingly to concentrate on the more difficult, technologically advanced components in pulp and paper making.

For the heavier, conventional equipment, countries with lower labour costs will be strong competitors. The Finns will specialise—in the more complicated wet end of the manufacturing process, in combustion and recovery techniques—and seek to achieve world-wide dominance in specific segments of pulp and paper making.

Their exports must grow, which in turn implies that they must build more machines outside Finland, sub-contracting the simpler operations to local companies.

W.D.

## problems

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organise the marketing of new products. In turn should logically lead to integration with foreign firms and to close co-operation with foreign manufacturers.

Finnish mills will have to compete in products in which wood input is lower per finished product and to which which can draw advantage from Finland's slow-growing raw material. As about five cubic metres of wood are needed to produce a ton of sulphate pulp at a rate of 50 per cent, about 2.5 metres of wood is needed to produce a ton of newsprint at a rate of 90-95 per cent.

The pattern for the next few years must be to close down non-integrated sulphite mills and to invest in modernised pulp plants based on newsprint and printing papers. But, even Finnish mills can compete in such products, they will also be able to make more specialised products in smaller lots, therefore demanding an extended marketing campaign.

These changes will call for investment and the big question is whether the pulp and paper companies can generate the capital needed. After four years of little or no profits the debt of the Finnish

companies is larger than their annual turnover. Debt repayments are consuming on average 10 per cent of turnover. Only a few companies are in a sound enough financial position to envisage the investments called for in the 1980s.

But the pulp and paper industry is notoriously subject to wild fluctuations and companies can make a lot of money when the market is good. A period of two or three years of high profits, such as the Finns enjoyed in 1972-74, could transform the picture. The current year promises to initiate a substantial recovery, but no Finnish manager is yet prepared to bet that it will last long enough, and should another recession come in 1980 many Finnish companies would be badly squeezed.

At this point one must look at the role of the Finnish commercial banks. Finland does not have a capital market of the kind operating in America or Britain, and the pulp and paper companies are financed chiefly by bank loans. Their equity/debt ratios are ridiculously low by American standards, and by the same comparison the Finnish banks are widely over-committed in their lending to the pulp and paper companies.

The same applies to most Japanese businesses, and arguably it does not matter much, provided the companies generate sufficient earnings to cover the cost of the capital

and provide some equity for expansion. The Finnish pulp and paper companies have not been doing this recently. Jaakko Poyry's studies show that, while their American rivals have been averaging gross returns on capital employed of between 15 and 20 per cent over the past five years, Finnish average returns have sunk to 5 per cent or less.

**Investment**

The size of bank lending to the Finnish companies turns it into a de facto equity investment, but the banks have hardly been behaving as shareholders in a market economy. They have not made their investments in the pulp and paper companies conditional on sound financial management and the generation of an adequate return.

The situation may be changing. New, younger managers have started to appear at company helms. The mills have been laying off employees and labour productivity has certainly improved. But if they are to be in a position to meet another recession and to make the investment needed in the 1980s, capital productivity must also improve and equity ratios be improved.

These steps depend not only on the behaviour of the banks and company managers but also on political acceptance. The pulp and paper companies must

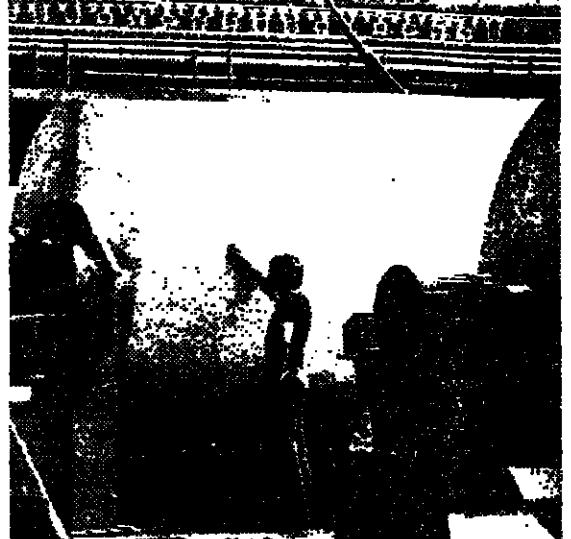
be allowed to raise their profit targets without political reaction. The alternative would be greater state involvement in the financing and running of the companies. Or, if the political parties retreat from such a commitment, then exchange rate policy must be geared to keeping Finnish pulp and paper competitive on foreign markets, but it is hardly conceivable that Finnish exchange rate policy can be tied solely to the needs of the forest industry.

Seen from the company level, prospects for the 1980s depend firstly on developments in the world economy and the growth in general demand for pulp, paper and board products. But against the background sketched above one can postulate that not a few companies will be seeking to disinvest from less profitable areas in order to generate the capital they will need to switch to a new strategy.

There will probably be some mergers. Companies will be investing more abroad and possibly more than in the past will be looking for foreign partners. This trend has already started. Kymi Kymmene led the way with its investments in Britain, West Germany, France and the U.S. but others—Ahlstrom, Tampella and even the state-owned Enso-Gutzeit—have started to follow.

W.D.

# KANSALLIS - FOR THE BEST



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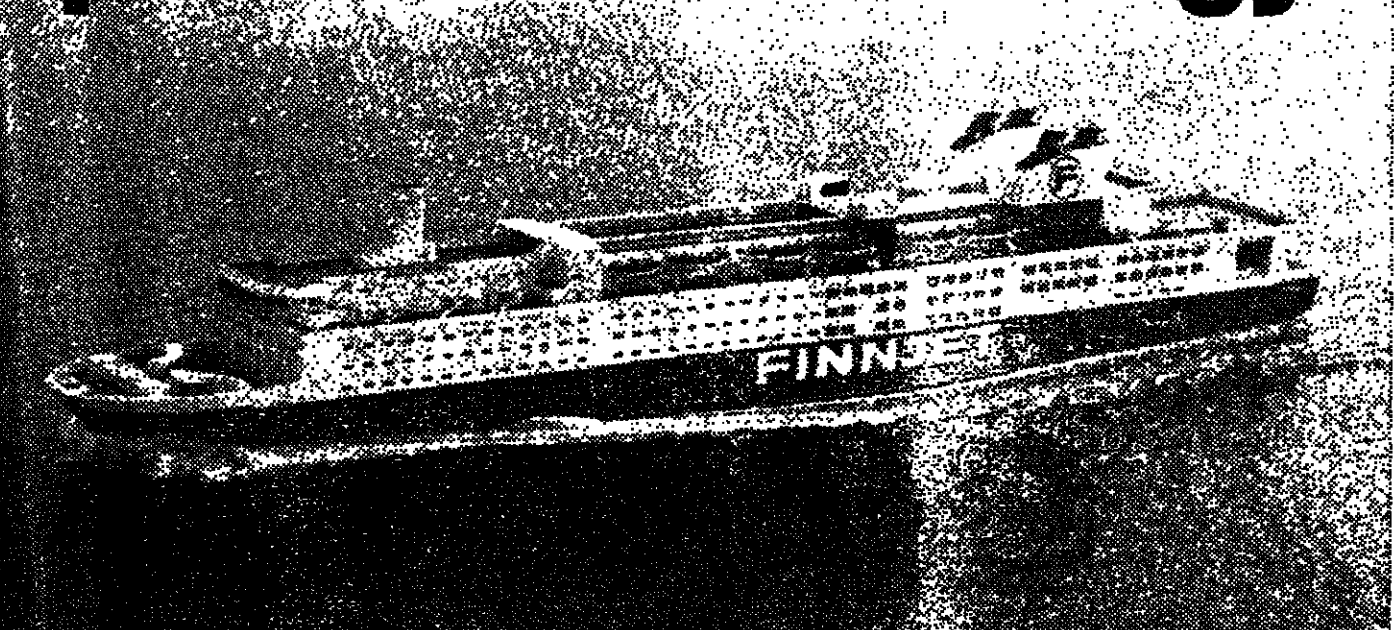
Working with Kansallis-Osake-Pankki provides a direct link straight to the heart of Finnish economic and commercial life. Ease and flexibility of operation is guaranteed by over 430 branch offices all over Finland. It is supplemented by a global network of correspondent banks, affiliates and representatives. Kansallis-Osake-Pankki offers the best in Finnish banking, giving you the benefit of first-rate know-how and expert service - internationally.

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## New design is always part of our technology.



A fine example of Wärtsilä's new creative way of thinking is the car/passenger ferry Finnjet, the pride of the Baltic. This vessel, over 200 metres in length and powered by gas-turbine engines, is the world's largest and fastest car/passenger ferry.



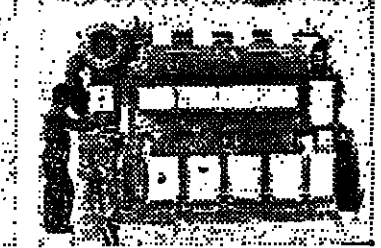
Equally good examples are the much smaller products, like this Arabia porcelain and the Muutajärvi glass ware. Ever-developing working examples of practical design, they are perhaps the best known of Wärtsilä products throughout the world.



Or the Ekenäs Pottery sanitary system which reduces the amount of water required for flushing to less than one half of what was needed before.



Or the Abloy security locking systems which are used, for instance, to guard the treasures of the Thai National Museum.



Or the diesel engines developed by the Vasa Factory. They have reached new export markets because of their energy-saving structure.



Or machines for the paper industry, based on decades of experience. And sophisticated printing presses, which are capturing new markets everywhere.



Or the sought after final result of Arabia enamel product development: elegant dishes and cast-iron cooking pots.

However, as all these examples show, good-looking design is not enough in itself. First and foremost, the product must meet the customer's functional requirements. Or even exceed them. When Wärtsilä creates something new, it is also meant to function. That is always the key aspect of our technology.

## WARTSILA

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FINLAND VIII

# More confidence in the shipyards

ONE OF the main streets of Helsinki rises slightly as it approaches the Lutheran cathedral and in the distance one sees three enormous yellow blocks, reminiscent of three small power stations.

When you reach the top of the hill they reveal themselves to be the superstructure of three great icebreakers, moored in the harbour after the winter's labours. It is a striking introduction to one of the specialities of Finnish shipbuilding.

Over the years the Wärtsilä company's Helsinki shipyard has delivered 42 icebreakers for use on rivers, lakes and in the Baltic and Polar regions. It has two on order currently.

Apart from deliveries to domestic owners, most of the icebreakers have been sold to the Soviet Union, but the latest delivery, the Almirante Irizar, of 14,900 tonnes displacement, went to Argentina, to be used as a combined icebreaker, research vessel, passenger ship and rescue ship in the Antarctic.

Finland's shipbuilding industry has not come through the world recession unscathed, but the scars are less vivid than in many other countries and there is a confidence not found in many other countries that the industry will come out of the recession with its capacity intact and without the closure of any major yards.

The specialisation, of which the Wärtsilä icebreakers are characteristic, is one of the reasons for this. The yards of Wärtsilä, Rauma Repola and

Valmet, the three main shipbuilders, build a wide range of vessels, including roll-on, roll-off ships, car-passenger ferries, gas carriers, barges and barge carriers, luxury cruisers, tankers and bulk carriers.

They aim to build vessels for special purposes in short series. This diversified production has helped them to come through the recession in relatively good shape.

Finland's trading links with the Soviet Union are important for the shipyards. Deliveries of Finnish ships are one of the major items in the five-year trade agreements between the two countries, and in principle it has been agreed already that in the next five to ten years ships should be even more prominent. Therefore, as long as the yards are able to build at competitive prices, Finnish shipbuilders can see light at the end of the tunnel.

But the present two-year period is a difficult one. The ship orders from the Soviet Union were bunched at the start of the current five-year agreement and the new agreement runs only from 1981.

However, prospects have improved considerably in the past few months after looking exceedingly bleak at the turn of the year. The situation still varies considerably between yards and more new orders are required to guarantee stability of employment (which has fallen from 18,000 to 15,500 over the past three years). But at the end of March the

yards had on order 84 vessels totalling 580,000 grt, which compares with 36 vessels of 355,000 grt delivered in 1978.

The most valuable of the new orders obtained this spring was for three drilling ships for use in Arctic waters, which will be built by Rauma-Repola for the Soviet Union. The order is worth about \$230m and the vessels are for delivery in 1981 and 1982.

A feature of these dynamically-positioned ships with their satellite navigation equipment is that they will not use anchors in the positioning process, which means that they can be moved away from a well with great speed. It also means that the vessels can be narrower and therefore cheaper than earlier vessels of the same type, according to Mr. Matti Kilpinen, marketing director of Rauma-Repola.

### Investment

Mr. Kilpinen believes that the Soviet Arctic areas will be the subject of a great deal of investment in coming years, not only in oil and gas exploration, but also for mining, and Rauma-Repola believes that the drilling ship order will place it in a good position to obtain a further share of these investments.

Other important new orders this spring have gone to Wärtsilä. After the successful lengthening last year of the cruise vessel Song of Norway (by inserting a mid-section which increased the cruiser's

capacity by 44 per cent), the first time that any yard had undertaken the lengthening of such a complex vessel, an order was placed by the Norwegian owners to lengthen the cruise liner Nordic Prince, Song of Norway's sister ship.

Wärtsilä also benefited from a renewed interest by Finnish owners in placing orders with Finnish yards (not a single vessel for a Finnish owner was delivered in 1978). The Saily Shipping Company placed an order for two passenger-car ferries for the Sweden-Finland route and its competitor on the same route, SF Line, ordered a sister ship to a ferry already in operation.

Rauma-Repola's Uniskaupunki yard, for medium-sized vessels, has received an order for two timber carriers from a Soviet-Finnish company and is building two more on its own account. The vessels are about 2,000 dwt. As the biggest sawn timber exporter in Europe, Rauma will either operate the carriers itself or charter them.

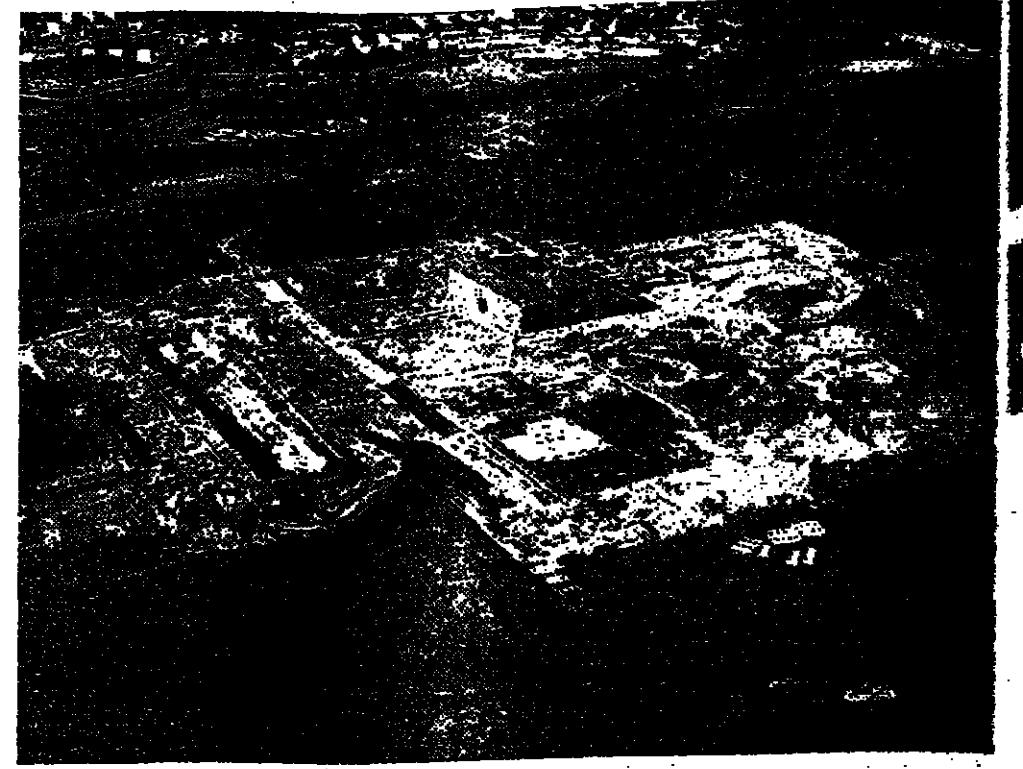
The four yards operated by the Valmet group are the third of the large shipbuilding groups. Ships recently delivered include roll-on, roll-off vessels, gas tankers, research vessels, naval patrol boats, tugs and barges.

It is currently completing what at the time was one of the biggest export orders ever won by Finland—two 36,600-dwt barge carriers for the Soviet Union. The first of these was delivered—five weeks ahead of schedule—last autumn and the second is due for delivery this year.

The Navire Yard, operated by the Navire company at Turku, is the final link in the shipbuilding chain. It was completed at a bad time—1975—but adapted itself to difficult circumstances by a varied production. In May it delivered a special floating ramp to the Port of Aberdeen for use in loading roll-on, roll-off vessels, which Navire claims is the first construction of its kind in the world.

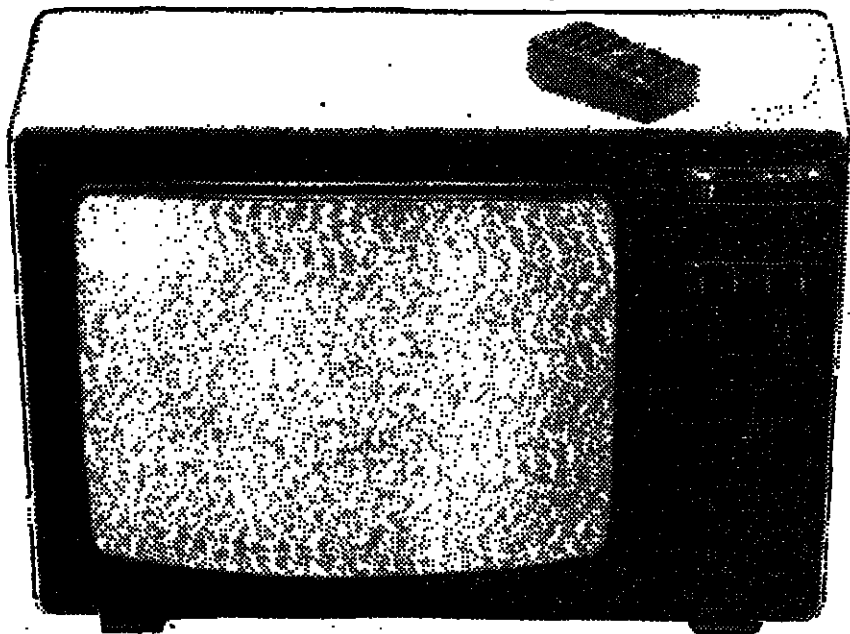
The government has helped the shipyards by bringing forward orders for naval vessels and facilitating orders for trawlers. It has also provided some subsidies, but the subsidies have been modest and are not automatic.

According to the yards, cash subsidies of the order of 3 per cent of the purchase price was the most they had received. However, the financing problems of the Finnish yards are eased by trade with the Soviet Union, which is cash business.



Part of the Valmet yard, in eastern Helsinki, seen here during the construction, now covers an area of 300 acres, of which 130 are in industrial use. In size, Valmet's new 300,000 dwt dock ranks first in Finland

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## Contractors win new orders

HARDLY A week passes without a report in the Helsinki papers of a large new construction project won by a Finnish company or consortium in some distant spot which the interested reader cannot even find in his old elementary school atlas.

For a country that is a net importer of capital and has only 4.7m inhabitants, this seems odd, especially as the contracts are worth anything from \$1m to \$800m—occasionally even more. Odd it may be, but some of the Finnish companies have become household names in the international construction trade.

It is probable that no Finnish engineer or architect has been seen yet in the Falkland Islands, but elsewhere "Finlandisation" of the developed and developing countries with technological and construction know-how has been galloping along in the 1970s.

These construction contracts are hard to classify under the traditional headings of customs lists. The projects can cover everything from initial planning to delivery of the keys of the completed construction, often with the machinery (or furniture and fittings) installed and ready for use.

Such projects involve consultancy, engineering, town planning, water supply and so on, and the actual exports come from the building materials, engineering, wood products and other components.

The Association of General Contractors of Finland (AGCF)

keeps its own statistics on the activities of its member companies, which account for about a half of total Finnish construction. This was valued at about FM 20bn (\$5bn) in 1978.

The ratio of construction exports to total construction investment in the home country in 1978 was 9 per cent and is expected to be more than 10 per cent in the current year and to rise steadily at least in the early 1980s. Finnish contractors won orders for more than 30 new foreign projects worth \$600m in 1978, bringing the total value of export projects being handled up to \$1.8bn by the end of the year.

### Earnings

Actual export earnings of the construction industry, not to be confused with the total value of projects in progress, amounted to about \$500m in 1978, and are expected to approach \$600m (at 1978 prices) in 1980.

Mr. Kalle-Pekka Sävelkoski, export manager of the AGCF, says: "With such fat order books, the tremendous growth rates must inevitably slow down in the early 1980s. We shall then have to concentrate our resources on maintaining our market share in our target countries where the competition will be stiffer."

But he makes it quite clear that the Finnish construction industry intends to remain export-oriented. "Our contractors have found their way abroad in the past decade or so

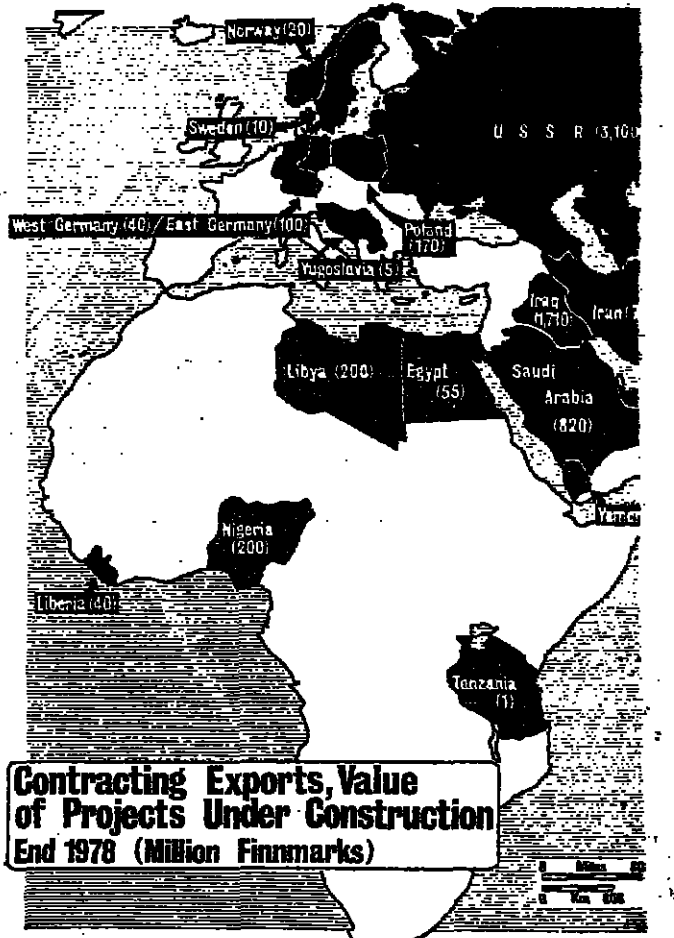
and now they intend to stay there. This is no short-term success story." Indeed, the Finland Steamship Company has opened four cargo lines to the Middle East.

The first export market for the Finnish construction industry was the Soviet Union. It was also the most natural one, for most of the major projects under construction in that country are in places just across Finland's eastern frontier, which means that Finnish manpower as well as supplies can be used.

At the end of 1978, 44 per cent of the country's construction exports were projects near the Finnish-Soviet border. The proportion in the Middle East taken as a whole was 45 per cent. Within this area the leading market was Iraq (value \$428m), followed by Saudi Arabia (\$205m) and Iran (\$185m). The leading countries in Africa are Libya (\$50m) and Nigeria (\$50m).

Recent events in Iran point up the risks of this trade in regions such as the Middle East. Finn-Iran Contractors, a consortium of four of the biggest Finnish construction companies, was working there on a contract valued at about \$170m for the erection of 63 15-storey residential buildings, including some of the building material.

The contract was about one-third completed when the turmoil started, but only about \$4m in invoices for work done was outstanding. The consortium, like most of the



Finnish companies then working in Iran, is fairly confident that it will be invited to return and finish the job.

The Finnish Export Guarantee Board provides a maximum of 90 per cent cover for political and 80 per cent for commercial risks. Now Finnish private insurance companies are taking an interest in this field.

The Pohja Group offers a comprehensive range of insurance cover and lately Ursa, the reinsurance subsidiary of Industrial Insurance, has established an insurance company in Dubai in co-operation with other Scandinavian insurance companies. At least one British company, Furness-Holder (Commercial Services) has been exploring the market in Finland.

Financing is not a problem in the rich oil-producing countries. For other areas, Finnish Export Credit added construction projects to its range of services for the first time last year, financing contracts amounting to \$38m.

Other solutions have been found, such as the hotel project in Leningrad, where the building work will be done by Finland and the financing provided by an American company. The AGCF says that provided the financing is based on normal European terms, Finnish companies can manage. But if Finland has to provide a high proportion of the finance on its own, the problem can be insuperable.

One difficulty that still exists and will take a few years to overcome fully is a shortage of trained staff, particularly engineers, project managers, lawyers and transport specialists. The AGCF started to arrange 5 courses aided by public for export promotion. They have been one six-week course project managers, a four-course for site managers, two intensive courses in construction English.

About 5,000 Finns are working abroad on construction projects, about half of them with academic qualifications. Considerably more will be needed in the next few years.

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J.P. Joutsen



FINLAND IX

# Improvement in the engineering sector

THE METALS and engineering industries in Finland have played a crucial role in the past generation in moving the country away from almost total dependence on the forest-based industries. In the course of the past 40 years they have increased their share of exports from less than 5 per cent to about 35 per cent, while the forest industries share has fallen from 75 per cent to just over 40 per cent. As an employer the engineering sector now accounts for 35 per cent of manufacturing employment compared with only 19 per cent in the forest-based industries.



The Rauma-Repola Oy Pori Works, probably the biggest engineering works in Finland

But the past three or four years have been difficult times for engineering and the industry is still waiting for clear signs that the recession, which every one believes is past, is really over.

Between 1975 and 1978 the industrial output index rose from 123 to 130, with a rise of three points in 1978. The engineering industry index has fallen from 150 to 145 over the same period, with a six point decline in 1978. Investment in engineering fell by no less than 46 per cent in 1977 and by a further 4 per cent in 1978, according to the Bank of Finland's recent investment survey.

## Cyclical

The problems are partly cyclical of course. The recovery in engineering always comes late in the recovery cycle, while the Finnish-Soviet trade agreements also have a cyclical pattern, with orders bunching in the first years of the five-year agreements, in this case leaving order books thin in 1979 and 1980.

The Confederation of Industries first quarter expectations survey indicated that output again fell in the first quarter, but also that some increase in output and exports is expected in the current half year. Capacity utilisation remains low, however, and order stocks were judged to be "below normal" for the sixteenth successive quarter.

Nevertheless, there is a feeling in industry that the worst is over and managements seem fairly optimistic, especially about exports. The overall improvement in the Finnish economy, with inflation under control following a substantial effective depreciation of the Finnish markka in 1977, has left in-

dustrial leaders feeling that they are fully price-competitive. The Finnish engineering industry is characterised by relatively large companies (for such a small country), with the emphasis on heavy engineering products such as shipbuilding and machinery for the forest industries and metallurgical and mining industries. In the 1978 export figures the transport sector was largest with exports worth FM 3.9bn, with ships FM 3.2bn, machinery FM 3.1bn, electrotechnical products FM 955m, cables FM 280m, and instruments FM 231m. In the five years since 1973 the biggest growth has come in machinery exports, which rose 272 per cent, followed by transport equipment, 250 per cent, instruments 245 per cent, cables 191 per cent and electrotechnical products 123 per cent.

The Comecon share of Finnish exports has risen from 12-13 per cent in 1973 to about 17-18 per cent today and this is reflected in engineering and metal exports as well. The Eastern bloc countries accounted for 34.2 per cent of exports in 1978 at FM 4.16bn compared with 20.8 per cent in 1973. Efta's share was similarly down from 35.8 per cent to 26.6 per cent at FM 3.24bn and the EEC's share from 28.7 per cent to 20 per cent at FM 2.42bn.

Ships and paper machines are probably the best-known products of the Finnish engineering industry but the full product spectrum is wide. Among major successes is Kone Corporation's lifts and materials handling equipment. Kone has production facilities in 12 countries and joint ventures in four more. Group sales last year ex-

ceeded FM 1.4bn. Salora television sets are a well-known product of the electronics industry, which has otherwise concentrated on industrial process control equipment. New developments this year include the start of TV-tube production by Valco, in which Hitachi and Salora are minority partners with the State. Valmet, the big State-controlled company, has started assembly of a range of Chrysler Simca models, which are an addition to the Saab cars it already assembles. Valmet and Volvo are discussing the development and production of a new agricultural tractor to replace the ageing models the two companies at present produce.

## Optimistic

Somewhat surprisingly in view of the Harrisburg accident, one of the more optimistic people in the Finnish engineering industry is Mr. Daniel Jaafs, managing director of Finnatom, an organisation set up 10 years ago to co-ordinate the marketing and research and development activities of the eight companies which have made major deliveries to the four nuclear reactors either in operation or under construction in Finland—two Soviet-built reactors of 440-MW at Lovisa and two Swedish-built reactors, all of the boiling-water type.

Finnish industry delivered about a third of the equipment which went into the first Lovisa reactor and up to 50 per cent of civil engineering works are included. The equipment includes the circulating pumps and motors, computers, in-core instrumentation, ice-condensers for the cooling system and the

steel containment shell. Lovisa 1 is proving to be extremely reliable, statistically speaking one of the best reactors in the world, said Mr. Jaafs, and the Finnish industry's experience with deliveries to the Lovisa and Swedish reactors is now paying dividends. Orders are in the pipeline for deliveries to Soviet-built reactors in Eastern Europe and Third countries and Finnatom also expects to obtain substantial orders for equipment for the Swedish reactor which Turkey is expected to order shortly.

While in Western countries the Harrisburg accident has slowed down nuclear programmes, it has had no effect in the Eastern bloc, according to Mr. Jaafs, who pointed out that Hungary has just decided to speed up its four-reactor nuclear programme. This is the reason for Mr. Jaafs' optimism. In Finland, too, the Harrisburg accident appears to have made less impact on public opinion than in many other countries, an important point as a final decision to build a Lovisa 3 reactor, a 1,000MW plant, should be taken next year.

Lovisa 3 will only begin to fill order books for Finnish hardware in 1981-82, but Finnatom is meanwhile discussing deliveries to a Lovisa-type reactor in Hungary and is co-operating with the Soviet in projects for reactors in third countries. So far the only one of these projects to be publicised is a reactor for Libya, but Mr. Jaafs said that several other third-country projects are under negotiation and the Libya order may not be the first one to be placed. He believed that at least one third-country reactor order would be signed this year.

# Steady recovery in the metal industries

AFTER SEVERAL years in which most metals companies have either made losses or kept the bottom line figure in the black by paring depreciation costs to the bone, the Finnish basic metal industry companies are now reasonably confident that better times are ahead. After only being able to think of investments for the past few years in terms of tens of millions of marks, we are now beginning to think in hundreds of millions again," commented divisional sales manager Matti Turunen of Ovaco steel group.

In 1977 and 1978, iron and steel output increased, partly as a result of the installation of new capacity. A new blast furnace at the State-controlled Rautaruukki Steelworks at Rahe, accompanied by expansion of continuous casting capacity and a new hot-rolling steel plate mill, doubled the company's steel production capacity in 1977 to 1.7m tonnes. Total iron and steel output in 1978 increased by about 6.6 per cent to 7m tonnes. Total non-ferrous metals output on the other hand showed little increase, with the output of processed products totalling about 321,000 tonnes.

A substantial part of the iron and steel production is used by domestic industry, although about 55 per cent of the rolled steel output last year of 1.8m tonnes went for export. The bulk of the non-ferrous metal production, on the other hand, is exported, with copper exports in 1978 at 47,100 tonnes, and zinc 113,890 tonnes. By value, metal exports accounted for 7.5 per cent of total Finnish commodity exports last year. Iron and steel exports rose by 51 per cent to FM 1.64bn, but the value of copper exports was down 10 per cent to FM 323m and of other metals 8 per cent to FM 618m, reflecting both lower volume and poor prices.

Besides steel, copper and zinc, Finland also produces three metals with some strategic importance (although in small quantities)—923 tonnes of cobalt, 5,000 tonnes of vanadium oxide and 45,000 tonnes of

ferro-chrome (in 1978). While Rautaruukki turned a 1977 loss into a modest profit in 1978, the private steel industry, which makes more refined products and special steels, was still loss-making last year. This forced the industry to undertake a major structural reform, which was worked out this spring and came into effect from May 1.

Ovaco Oy, the largest of the private steel manufacturers, which produces a wide range of bars, rods and wires, took over the steel production and manufacturing facilities of the two other main private steelmakers, Oy Fiskars Ab and the steel division of Oy Wirtsilä Ab.

Fiskars brings to the group the production of wire net, nails, screws, bolts and chains, and the Wirtsilä Dalbruk steel works contributes rolled bars, reinforcing steels, drawn wires, nails and castings. The three companies in 1978 had a joint turnover of about FM 1bn and 5,000 employees.

Although Ovaco's output last year changed little with 422,000 tonnes of raw iron, 646,000 tonnes of crude steel and 372,000 tonnes of rolled steel, its external sales rose from FM 629m to FM 718m, which was considerably more than budgeted.

## Exports

Exports accounted for 52 per cent of sales. But the company made a loss of FM 1.5m after a loss of FM 21.7m in 1977 and in both years depreciation costs were insufficient to cover replacement costs. Equity capital at the end of last year was only 7.5 per cent of total assets of FM 687m.

The merger, however, has made the company's management more optimistic. "The merger will clear up the private sector, remove the inefficiencies and make exporting easier and more profitable," said marketing director Nils L. Gripenberg. "The merger will also improve our financial position and we should be able to make larger investments." Among Ovaco's specialities are boron steels of high harden-

ability. Markets which it expects to develop in the next few years include the auto components industry and fasteners. In both these areas it already makes deliveries to most European countries.

In the non-ferrous metals sector, the Finnish industry is dominated by the State-controlled Outokumpu Oy (this company also has iron ore mines and a modern stainless steel-works, which last year produced 140,000 tonnes of chrome pellets, 44,800 tonnes of ferro-chrome, 56,700 tonnes of steel slabs and 44,300 tonnes of rolled products).

The main products of the mining and metallurgical division include copper concentrates and anode copper, zinc, cobalt, pyrites, talc and sulphur, originating from the company's ten mines. Although sales for many of the company's products remained unsatisfactory last year, there was a 27 per cent increase in sales to FM 1.75bn, of which exports accounted for FM 1.36bn. Net earnings increased by FM 1.8m to FM 7.6m. After depreciation, costs rose from FM 68m to FM 156m.

As the company's mines are ageing and deepening, and thus becoming more expensive to operate, declining ore resources will force a fall in copper output in the 1980s (or, as director Jorma Hakkarainen commented: "our ore resources will decline at present world market prices"). A major effort is being made to develop the export of technical know-how, mining processes and equipment through the company's technical export division, which almost doubled its sales last year to FM 299m.

"In the next five to ten years a lot of new investment and re-investment will be needed around the world," said Mr. Hakkarainen. "The technical export division will be our most dynamic area. We have already invested in technical knowledge and have now achieved a standard which enables us to export it. From being a home market company, we are now internationalising fast." The company announced in

May that it has won a turn-key project for a copper mine and concentration plant in the Philippines (together with Rauma Repola and Kone engineering companies). The project will involve Finnish deliveries of equipment and know-how worth about FM 300m.

Mr. Hakkarainen said that the company hoped to be able to announce contracts for further similar projects in the near future. Outokumpu has recently made deliveries to the Norilsk copper combine in Siberia and to a copper smelter in South Korea. As the original inventor of the flash smelting technique for copper, the company has sold 27 smelters abroad.

## Depletion

With mines and domestic raw materials approaching depletion over the next 10 years or so, it was decided to build a new engineering works at Outokumpu in eastern Finland, to provide jobs when the local mines are exhausted. The works are now under construction and will manufacture mining industry equipment.

Among the new products under development is company-designed equipment for drawing copper for the production of semi-manufactures, which the company hopes will be an important new sales item.

In conclusion, the iron, steel and metals industry companies expect that the recovery in their fortunes, which began last year, will continue in 1979—but all companies in one way or another made major investments in the early '70s, which increased capacity just as the market collapsed. This has left the country with a modern industry and some of the most efficient plants in Europe, but it has also left the companies financially weakened.

An improvement in the financial position is therefore going to take priority over big new investment projects for the next year or two.

H.B.

Metals and Technical Know-How from Finland



OUTOKUMPU is one of the largest industrial undertakings in Finland. In 1978, the Company achieved total sales of £222 million, nearly 80% of which stemmed from exports. Outokumpu's share of the Finnish metal industry's total export sales was 11%. The Company is one of Europe's leading producers of non-ferrous metals, and the United Kingdom has traditionally been one of the most important export markets.

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FINLAND X



The extraordinary attraction of Finnish lakeland, which forms the largest unbroken geographical region of the country



A girl of Lapland transporting a bottle of liquid gas with the help of a reindeer sleigh

# Attracting the big spenders

I RECEIVED my initiation as a tourist in Finland some years ago driving round Lapland with a couple of Finnish consumer goods salesmen who tried to persuade me that the best use for the washing machines they were selling was for brewing beer.

The deep freezers they were also selling were, they said, an essential accessory for extracting harder liquor from the brew. With a pitch like that it was no surprise that they were

the company's star salesmen. The visit introduced me to one of the most extraordinary areas in Europe. Lapland is a wilderness. It is one of the very few remaining areas in Europe where it is possible to live by gun and hook for months at a time with no contact with civilisation. Some do, such as Europe's last remaining gold panners, and they tend to be bizarre characters whose tall stories would make a Texan blush.

However, for most of the three million-plus visitors to Finland (as there is a passport union between the Nordic countries their exact numbers and countries of origin are not known) the eminently civilised Finnish capital, Helsinki, is the focal point.

Helsinki and its immediate hinterland have about 5,300 hotel rooms to offer, a fifth of the country's total hotel accommodation. In the early summer months, when tourists have

started to arrive but the flow of businessmen has not dried up, accommodation can be a problem; but by next summer there will be another 700 rooms in use, including those of the new President Hotel in central Helsinki.

In recent years Helsinki seems to have succeeded in attracting a growing share of the travel trade, partly by the opening in 1977 of a new fast ferry service to West Germany and partly through its development as a congress centre. The growing travel trade with Germany may well have played a decisive part in tipping the travel balance from a small deficit of about FM 3m in 1977 to a surplus of FM 173m in 1978, which is expected to rise to between FM 200m and FM 300m this year.

The largest group visiting Finland are, naturally enough, the Swedes, who can use either the air services or the popular ferry trips between Stockholm and Turku (at Finland's western tip) and Helsinki. In 1977 Swedish visitors spent about 452,000 nights in Finnish hotels, accounting for almost 30 per cent of total foreign hotel visits. Next came Germans with 249,000 nights, Russians 143,000, Americans 108,000 and Norwegians and Britons about 75,000 each.

German visitors are regarded as a primary target for tourist development because they come not only in large numbers, but they are big spenders. "We get a lot of Russians, but they don't bring any money with them," sighed one tourist official.

The introduction in 1977 of the Finnish-built passenger-car ferry Finnjet, operated between Helsinki and Travemünde, was a major innovation in the development of tourism with West Germany and to some extent also for tourists from other central European countries. Finnjet, with a speed of 30.5 knots, is the fastest ferry of its kind in the world. It has cut the time on the route to 22 hours, so that travellers need spend only one night on board.

### Increased

The ferry can carry 1,532 passengers and 350 cars. After its introduction the number of passengers using the route increased enormously, from 75,000 in 1976 to 200,000 in 1978, which is expected to rise to 235,000 in 1979. There was a 22 per cent increase in West Germans using Finnish hotels in the first nine months of 1978 and Finnjet is credited with an important part in creating the increase. In the three summer months in Finland that means June to August) about

70,000 Germans used Finnjet last year, 90 per cent of them tourists. This year about 100,000 will be using Finnjet in the same months. The operators, Finnlines, have been careful to make the return trip extremely competitive with the alternative of driving from the continent up through Sweden.

As a congress centre Helsinki claims to rank eighth in Europe by number of international conferences, well ahead of some larger and more centrally-placed cities. Last year about 17,600 participants attended 56 conferences, a figure which has not fluctuated very much since 1975.

The date is significant. It was then that the magnificent Finlandia Hall, designed by the well-known Finnish architect Alvar Aalto, was completed. It is a combined concert hall and congress centre, able to cater for 3,000 delegates in two congress auditoria, and it also offers facilities for smaller meetings. The Finlandia Hall is supplemented by the Dipoli Congress Centre, just south of Helsinki, which can accommodate 2,000 delegates.

One of Finland's problems as a tourist country is that it is a longish-way off the beaten track, even if it is only little

over an hour by air from Hamburg and Copenhagen. "People don't come to Finland without having a real reason," as Mr. Bengt Pihlström, managing director of the Finnish Tourist Board, put it.

But today the extra cost of travelling to Finland is to some extent cancelled out by the cheapness of the country in relation to other north-west European countries. Prices, according to an index made up of accommodation, meals, transport and retail goods, are 20 to 30 per cent lower than in the other Nordic countries and West Germany and only slightly higher than in Britain, according to a Tourist Board price comparison made earlier this year.

### Cheap

Its findings are broadly confirmed by the FT annual survey of business travel costs. An interesting point is that once in Finland both air and rail transport are very cheap measured per kilometre (but the distances are great).

Finnair, the national airline, has played an important role in developing Finnish tourism. The number of passengers carried on international scheduled flights has risen steadily year by

year from 488,000 in fiscal year ending March 31, 1971, to 788,000 in the year ending March 31, 1979. There was a 9.1 per cent increase last year, including a 41 per cent increase in North Atlantic traffic.

The airline currently has a fleet of 34 aircraft, including two DC10s, 15 DC9s, and eight Super Caravelles. It flies to 32 destinations including, outside Europe, Montreal, New York and Bangkok.

Finland is currently engaged in air service negotiations with the U.S. Finland's objective is a destination on the U.S. west coast, but the talks have stalled for the time being over Washington's fare policy proposals.

Other services which Finnair is anxious to obtain include routes to Tokyo and Middle East destinations. It is also trying to persuade British Airways to agree to the introduction of a third daily flight between London and Helsinki.

While there is strong pressure on the Helsinki hotels in the high season, there was a danger at one time that hotel accommodation outside Helsinki would outrun demand after a big building boom in the late 1960s and early 1970s. In 1976, Government allocations for tourist infrastructure develop-

ments were actually put back. But as a result of earlier building boom the facilities are generally good if that is the kind of accommodation you want.

Many people visit Finland for the lakes, the forests, the loneliness, of course, there are huts and cottages which will grant the tourist in full measure—of the w by-gravity, no-lavatory sa with a sauna only if you your own logs.

Equally, however, there cottages with all amenities. "One of our problems," Mr. Pihlström, "is making the visitor get the best accommodation he or she expects."

For those who want to Lapland, Finnair has introduced an inclusive package which gives a week Lapland with hotel for less the price of the normal fare from Helsinki.

Initially it is being done on a domestic basis, but astantial marketing effort Europe is planned. Hel safaris, cross-country ski midnight sun, and the gold panning champion (anyone can enter) are the attractions.

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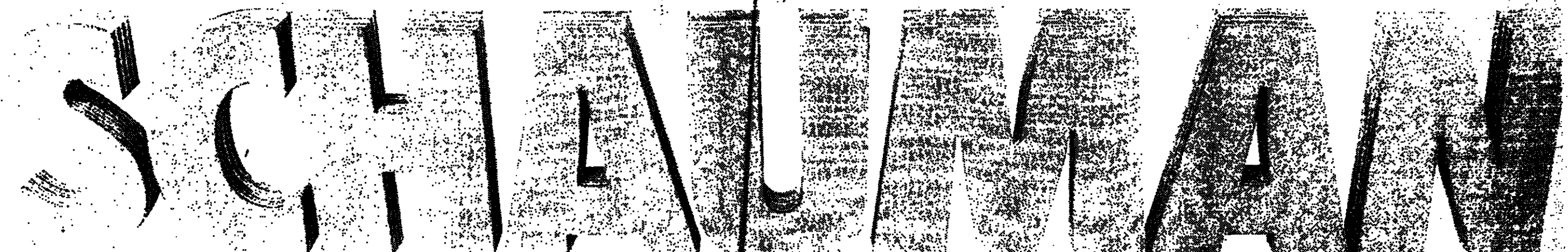
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Many Finns spend the summer in simple forest cottages like this one, with a sauna and a nearby lake as the main amenities. Now, foreign tourists are being encouraged to do the same



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*Johannes*







# Good year for Hambros: attributable tops £7m

AFTER REPORTING lower earnings for the first half, the second six months at Hambros banking group showed an improvement with the group producing an attributable profit for the year ended March 31, 1979 of £7.12m compared with £4.99m previously. Stated earnings per share are 33.64p against 23.55p.

The directors say the improvement was throughout all the group but particularly in banking, in unit trust operations and in investment performance.

The year's profit comprises banking, £1.1m against £1.39m, other operating profits, less minority interests, £2.5m (£233,000) including an exceptional credit of £1.04m and associates' share, including Hambro Life Assurance, £3.2m compared with £2.75m.

There are to be added investment gains of group companies, £3.29m against £1.51m, share of associated companies' investment gains, £1.4m (£59,000), and extraordinary items, £1.00m against £1.76m leaving a balance of £11.68m compared with £8.56m.

The final dividend on the 110 shares (£2.50 p) is 67.24p lifting the total from 96.025p to 102.24p.

The dividend on the 25p shares is one-tenth of this amount while the payment on the £1 "A" shares is unchanged at 4.2p.

Last year, inner reserves were drawn on towards shipping loan provisions. This year, as existing provisions are already adequate, inner reserves have been increased, the directors say.

Shareholders' funds have advanced from £65m to £76m. Also at the year-end, there was an additional excess of £41m of market value over the balance sheet carrying values of listed associated companies — principally Hambro Life and Berkeley Hambro.

See Lex

Company	Page	Col.	Company	Page	Col.
Avenue Close	20	5	Hanson Trust	20	4
Beechwood Constrn.	20	2	Intrnl. Distillers	21	5
Brown & Tawse	21	4	Mercantile House	21	4
Chamberlain Phipps	20	6	Mining News	22	4
Courtaulds	21	1	Scottish Amicable	20	4
Dawson Intl.	20	6	Shaw & Marvin	21	3
Dorada	22	6	Simon Engineering	22	6
Gt. Northern Invest.	20	5	Throgmorton Trust	20	5
Hambros	20	1	Trans-Oceanic Trust	21	3

## Beechwood well ahead at best-ever £704,255

AFTER THE midway upturn from £134,522 to £234,557, Beechwood Construction (Holdings), civil and mechanical engineering group, finished the March 31, 1979, year with pre-tax profits well ahead at a record £704,255, compared with £312,150. Turnover rose by 15 per cent to £9.8m.

After tax of £56,879 (£52,556), earnings per 10p share were up sharply from 4.2p to 10.5p. A net final dividend of 1.507p takes the total payment to 2.0749p against 1.823p previously.

Depreciation took £474,246 (£433,913) and interest charge was £247,667 (£155,344).

Mr. M. C. Thomas, the chairman, says satisfactory profit improvements were achieved in all fields of activity, particularly the engineering companies.

A revaluation of freehold and leasehold land and buildings produced a surplus of over £387,000. The bulk of deferred taxes have been transferred to reserves.

The chairman describes the balance-sheet as greatly im-

## Hanson Trust £12.5m so far

TOGETHER with a one-for-two rights issue, Hanson Trust reports record half-year pre-tax profits of £12.5m compared with £11.4m in the same period last year.

Figures for the half year—to March 31—show stated earnings per share at 10p against 9p. The interim dividend is stepped up from 3.025p to 3.3275p and the directors are forecasting a final dividend of 4p on the enlarged capital.

Sales for the half year went ahead from £286m to £245.1m with agriproducts in the U.S. contributing £170.5m (£155.6m) and £13.8m (£14.8m) in the U.K. Industrial services in the U.S. contributed sales of £120.5m (£95m) and £40.2m (£29.6m) in the U.K.

A profit analysis shows U.S. agriproducts at £3.8m (£3.5m) and £0.5m (£1.1m) UK Industrial services in the U.S. £4.9m (£3.3m) and UK £4.5m (£3.4m).

After tax and minorities, the half-year attributable profit was ahead at £8.8m compared with £8.5m.

See Lex

## Scottish Amicable raises with-profit bonus rates

IMPROVED BONUS rates on all with-profit contracts have been declared by the Scottish Amicable Life Assurance Society.

On the principal bonus series, the interim bonus rate is lifted to 4.25 per cent per annum of the sum assured and £5.25 per cent per annum of attaching bonuses, against the previous rates of 4.10 per cent and £5.10 per cent respectively.

On the Flexidorm contracts (second series), the new bonus rate is £3.90 per cent per annum of the sum assured and £5.20 per cent per annum of attaching bonuses, compared with £3.75 per cent and £5 per cent respectively.

On the company's self-employed pension contract, Flexipension, the bonus rate is now 4.10 per cent per annum of the retirement sum and 56.70 of the attaching bonuses, an increase of 10p on the retirement sum bonus rate and 70p on the attaching bonus rate. A similar rate is payable on the Superannuation (second series).

Scottish Amicable has also improved its terminal bonus rates. On maturity or vesting claims, the bonus is now £1 per cent of the basic benefit plus attaching bonuses for each complete year except the first five years. Previously the rate was 50p per cent. On death claims the same improvement is made on the scaled-down payment.

# Dawson Int. reaches £16m and lifts dividend 270%

DESPITE HAVING to contend with a much less buoyant state of world trade than in the previous year, in which unusually favourable trading conditions applied, Dawson International improved taxable profits from £15.53m to £16.26m for the March 31, 1979, year. In addition, the company is hoisting its dividend payments by 270 per cent.

The results include a better-than-expected performance from John Haggas, which was acquired towards the end of last year. Excluding attributable profits of the Haggas group from January 1, pre-tax profits of the textile manufacturer were £15m, compared with the forecast of £14.8m made at the time of the unsuccessful bid from William Baird and Co.

This forecast did not take into account the cost in the year of interest on the cash element of the consideration paid to Haggas shareholders, estimated at £0.3m.

At the halfway stage, profits were up by 17 per cent to £6.63m and the directors said they were confident that the forecast would be met.

External sales for the year increased from £32.6m to £36.2m, including sales in overseas markets of £47m (£43m) which comprised 49 per cent of the total. Pre-tax profits were boosted by interest receivable amounting to £1m, compared with a £200,000 charge.

There was no material effect from stock appreciation on the year's profits nor was there any significant effect from currency fluctuations.

The directors say it is difficult to forecast results for the current year. Exports comprise 42 per cent of the group's business and to that extent Dawson depends on the economies of these overseas countries, exchange rates, and other factors beyond its control.

However, they expect that profits, including the valuable contribution from Haggas will show further growth.

Earnings per 25p share, an capital increase by the Haggas acquisition, are shown as 21.4p (£2.2p adjusted for scrip issue) or as 20.7p fully diluted. The net dividend total is effectively stepped up from 1.57595p to 7p, with a 4p final.

1978-79 1977-78

External sales	36.2	32.6
Trading profit	17.15	17.00
Depreciation	1.00	0.52
Interest receivable	1.83	1.48
Profit before tax	16.26	15.53
Taxation	5.56	5.43
Net profit	10.70	10.07
Extraord. debit	2.51	1.8
Attributable	8.19	10.07
Dividends	3.38	8.50
Retained	6.98	9.24

• comment

At the pre-tax level, Dawson has delivered the goods. It comfortably exceeded the £16m forecast made in the offer document for John Haggas late year. Behind the figures good performances by members of the group. There was no violent fluctuation in the prices of cashmere—w appeared to peak early in year and could have forced group to make provisions stock. Overall trading conditions were not quite so buoyant 1978-79 as they were in previous year and margins under a little pressure. Export (which contribute roughly of sales) fared well in hardy markets but not so in the U.S. For the current year, order books are fatter than last year and Chancellor's new tax measures may help domestic sales. Shares edged up 3p in yesterday giving a p/e of 5.1 yield of 9.5 per cent. It is undervalued for a company with reasonable prospects.

There are to be added investment gains of group companies, £3.29m against £1.51m, share of associated companies' investment gains, £1.4m (£59,000), and extraordinary items, £1.00m against £1.76m leaving a balance of £11.68m compared with £8.56m.

The final dividend on the 110 shares (£2.50 p) is 67.24p lifting the total from 96.025p to 102.24p.

The dividend on the 25p shares is one-tenth of this amount while the payment on the £1 "A" shares is unchanged at 4.2p.

Last year, inner reserves were drawn on towards shipping loan provisions. This year, as existing provisions are already adequate, inner reserves have been increased, the directors say.

Shareholders' funds have advanced from £65m to £76m. Also at the year-end, there was an additional excess of £41m of market value over the balance sheet carrying values of listed associated companies — principally Hambro Life and Berkeley Hambro.

See Lex

Company	Current payment	Date	Corre. Total	Total last year
Beechwood Constrn.	1.51	July 28	1.3	1.83
Brown and Tawse	4.5	Aug. 9	3.64	4.89
Chamberlain Phipps	1.81	Aug. 10	1.24	2.51
Dawson Intl.	4.7	Aug. 29	0.99*	1.88*
Gt. Northern Inv. Int.	1.5	Aug. 15	1.29	4.5
Hambros	67.2	—	58.5	108.2
Hanson Trust	3.33	July 31	3.03	7.02
Old Swan Hotel	0.36	—	0.36*	0.66
Progressive Secs. Tst.	2.14†	July 5	1.9	2.8
Shaw and Marvin	0.35	July 30	Nil	0.35
800 Group	2.63†	—	2.26	4.57
Throgmorton Tst.	2.25	Aug. 3	2	4.88
Time Products	5.02‡	—	1.25	5.5

Dividends shown hence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increased following reduction in ACT.

proved. Shareholders' funds increased by 100 per cent from £1.82m to £3.26m.

During the year, the company bought Doncaster Well Bore and made a further investment of £742,000 in new plant and equipment.

• comment

Beechwood Construction looks to be back on course. Losses in two divisions have been eliminated (one closed and one revived) improving the pre-tax return by around £270,000. Taking this out of the equation, profits have still improved by 39 per cent despite the effects of the bad weather on winter operations. Interest charges are around 60 per cent higher, due to an acquisition and heavy capital investment, but gearing is well down since deferred tax transfers have helped to double shareholders' funds. And with a property revaluation yielding £347,000, the balance sheet looks much sounder. The yield is almost 10 per cent and the dividend is covered five times, so the shares, at 33p, look a little humble on a stated p/e of three. On the other hand, fully taxing profits brings the p/e above the sector average to 5.7, while the company accepts that last year's gains are unlikely to be repeated. Around 25 to 30 per cent of working time was lost through bad weather during May and, since the bulk of its work is done outdoors, the group may be too much a prey to the elements to deserve a much higher rating.

J. SMURFIT

Jefferson Smurfit Group announces that 70 per cent of the shares offered in its one-for-six rights issue at 150p a share have been taken up and the balance sold on the market.

## Hambros Investment Tst. expects revenue growth

With the lifting of dividend restraint in prospect Hambros Investment Trust is optimistic of further growth in its revenue in the current year, says Mr. J. O. Hambro, the chairman.

Present conditions have made the company view the short term with caution and, therefore, the trust has become more liquid since year-end. However, on the longer view, having regard to the historically low valuation of share prices in both the UK and the U.S., the directors are confident that their large investments in equities in these areas will prove rewarding. As a March 31, 1979, investments totalling some £91m (£42m) were distributed, in percentages, as to U.K. 67.88 (65.99); U.S. 27.26 (28.44); Canada 1.15 (0.96); Pacific area 2.74 (2.94) and elsewhere 0.97 (1.67).

# Chamberlain Phipps increases 22%: sees further progress

TAXABLE profits of Chamberlain Phipps rose 23 per cent from £19.19m to a record £23.89m in the year to March 31, 1979, on turnover 15.5 per cent higher at £59.44m, against £51.44m.

At midway, the surplus was up from £1.24m to £1.51m.

Mr. W. R. F. Chamberlain, chairman of the manufacturer of components and materials for the footwear, clothing and automotive industries, is confident the group will again make good progress in the current year.

But he is concerned about the rate of inflation, the surly and price of oil, and the possibility of a downturn in world trade.

After tax for the year of £14.2m (£12.3m), earnings per 10p share are shown to have risen from 7.97p to 9.78p. The net final dividend of 1.8064p lifts the total 30 per cent to 2.8054p (£2.158p).

The chairman says £50.18m of total sales were made by UK companies and £9.26m by overseas companies. Exports increased 9 per cent to £8.54m—meaning 30 per cent of sales were outside the UK.

Profit margins again increased while the overseas companies' contribution to profit rose substantially.

The footwear manufacturing industry received £58m of group sales, of which 64 per cent was sold in the UK and 36 per cent overseas. The shoe components, Phipps-Faire and moulding divisions each had a good year.

Although additional investments were made in certain overseas companies and in machinery and plant during the year, total debt was marginally lower, the chairman says.

• comment

In spite of relatively flat demand in the UK footwear industry and the export difficulties resulting from a stronger pound, Chamberlain Phipps shows no sign of slowing down. Full-year profits are 22 per cent higher, reflecting real growth of nearly a tenth. The improvement in margins is mainly due to better productivity overseas—a picture that would have looked more impressive but for adverse currency movements. At home, CP is making gains in market share on the footwear side, although the general industries division (23 per cent of group) slipped slightly due to difficulties in the motor and a small loss on the demand of a new pack product. Although the UK wear industry will remain an important outlet, CP sees a modest upturn in demand the next few years. While company can probably do to increase its market share spearhead for growth overseas and in the general industry division where in this year's £3m capital expenditure will go. At 56p the are on a p/e of 5.4 which yield is 7.9 per cent.

	Year ended 31.12.78	31.12.77
<b>PROFIT AND DIVIDEND</b>		
Profit after tax	£1,129,348	£788,952
Extraordinary item	87,688	—
	1,041,660	788,952
Dividends for year		
—pence per 10p share	8.0p	4.0p
—scrip	£355,902	£37,268
<b>CROPS HARVESTED '000 Kgs.</b>		
Rubber	20,500	28,600
Palm Oil & Kernels	41,100	40,600
Coffee	500	800
Tea	900	800
<b>PLANTED ACREAGE (subject to survey)</b>		
Rubber, Oil Palms, Coffee, Tea, Cocoa, Coconuts—	87,527	acres

British Printing Corporation has a new name. You've been using it for years — but from now on we shall be BPC officially.

The point is that P doesn't just stand for Printing alone any more. It stands for Publishing and Packaging too. More than 50% of profits and nearly 40% of turnover last year came from group companies whose existence the group name ignored!

BPC's publishing interests cover some twenty-five companies. Last year they put out 18 million copies of hard-back books and 9 million paperbacks. Famous names on our list include Jane's Fighting Ships, Wisden's Cricketers' Almanack and Rothman's Football Yearbook, the New Caxton Encyclopedia, Macdonald Starters, Cordon Bleu, Yehudi Menuhin, Catherine Cookson, Tito Gobbi, William Rushton and Mickey Mouse and other children's books from Purnell. We publish the best-selling paperbacks "Scruples" and "The Thornbirds". We also publish language courses — combined cassettes and books — and thousands of Japanese businessmen owe their English to BPC.

Publishing accounted for 32% of our total 1978 trading profit of £11.13m; and this division's profits have more than trebled in the last six years.

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Jefferson Smurfit



UK COMPANY NEWS

Courtaulds to step up capital expenditure

In development of new and improved products and a programme of opening up new business opportunities... Courtaulds Ltd. has announced that its directors are to step up capital expenditure...

BOARD MEETINGS

Table listing board meetings for various companies including Anglo Television, Brunner Investment Trust, and others, with dates and times.

for the group but not yet subject to contract amounted to £32.1m (£18.7m) and for Courtaulds Ltd. to £7.4m (£6.1m).

Brown & Tawse ahead to £3.8m

RECORD pre-tax profits of £3.8m for the year ended March 31, 1979, are reported by Brown and Tawse, steel and tube stockholder and engineer.

levels last month. For its own part, and the group will surely not be alone in this, cash considerations may have tempered the dividend increase...

Internatnl. Distillers soars

PROFIT OF International Distillers and Vintners for the six months to March 31, 1979, soared from £3.47m to £14.25m after tax and minorities.

19 companies wound up

Orders for the compulsory winding up of 19 companies have been made by Mr. Justice Glade in the High Court.

Branches and representative offices in 14 international financial centres, correspondents in 2,000 major cities round the world.

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accordance with the provisions in Article XXI of the Trust Agreement the undersigned declares. That in 1978 Ennia NV complied with all the obligations laid down in the Trust Agreement.

THE LONG-TERM CREDIT BANK OF JAPAN LIMITED.

U.S. \$30,000,000 Floating Rate Notes 1976-1981

For the six months 15th June 1979 to 15th December 1979 the Notes will carry an interest rate of 10 3/4% per annum with a coupon amount of U.S. \$52.74

Bankers Trust Company, London Agent Bank

Caisse Nationale de Credit Agricole U.S. \$50 million Floating Rate Notes due 1984

In accordance with condition No. 11 of the Notes, notice is hereby given that for the six months period 15th June 1979 to 17th December 1979 Notes will carry an interest rate of 10 3/4 3/8 %

Relevant interest payments will be as follows:- Notes of U.S. \$1000 = U.S. \$ 53.64

FIRST CHICAGO THE FIRST NATIONAL BANK OF CHICAGO Agent Bank

Trans-Oceanic Trust rises to £654,000

Revenue of The Trans-Oceanic Trust increased from £536,400 to £653,805 in the six months to April 30, 1979, before tax of £522,453, against £192,600.

Shaw & Marvin £43,232 profit

Following the midway recovery from losses of £12,784 to a £4,960 profit, Shaw and Marvin, mercer, dyer and knitwear maker, reports pre-tax profits of £43,232 for the year ended March 31, 1979 compared with a £7,656 loss in the previous year.

UNILEVER

The board meeting of Unilever announced for June 28 is to consider payment of the deferred balances of ordinary dividends and further payment re the final for 1978 following the tax cut.

Turner & Newall's important role in the microelectronics industry



One silicon chip stores thousands of elements of information. Photoresists are essential to silicon chip production and Hunt Chemical, a T&N company, is the leading USA supplier of these specialty chemicals.

The Advisory Council for Applied Research and Development recently nominated microelectronics as the most influential technology of our time.

If that's so, the future looks especially bright for T&N's chemicals division.

Our American subsidiary, Hunt Chemical, pioneered the negative photoresists essential to the manufacture of micro-circuit silicon chips.

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Specialty chemicals is just one of the businesses in which T&N is making its mark internationally.

We are actively investing and growing in automotive components, plastics, man-made mineral fibres and construction materials, in addition to mining asbestos.

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# HOLT LLOYD International Limited

## Another period of expansion

POINTS FROM MR. TOM HEYWOOD'S STATEMENT FOR 1978/79

- ★ A 20% increase in pre-tax profits achieved and a maximum permitted dividend increase recommended.
- ★ U.K. Sales of D.I.Y. products went ahead by 24.2%. Overseas and export sales rose by 23% and Europe moved ahead strongly.
- ★ The current year has started well. With two major acquisitions, Pro-Combur S.A. in France and LPS Research Laboratories Inc. in the United States, we are now solidly and profitably established worldwide. We continue to budget, with confidence, for above-average growth.

	78/79	77/78	76/77	75/76	74/75
	£'000	£'000	£'000	£'000	£'000
Sales	35.15	29.39	22.32	17.00	14.08
Pre-Tax Profit	3.51	2.92	2.15	1.50	1.19
Earnings per Share	18.76p	16.28p	10.17p	7.08p	5.52p

Copies of the Report and Accounts are available from the Secretary, Holt Lloyd International Limited, Lloyds House, Alderley Road, Wilmslow, Cheshire SK9 1QT.

### EUROPE'S LARGEST CAR CARE GROUP

# FOSTER BROTHERS

## Clothing Company Limited

"Trading profit has surged ahead from £5.132m to a figure very nearly doubled at £9.885m... an outstandingly successful trading result"

H. G. High, Chairman.

Other salient points from the Chairman's circulated statement:

- A final dividend is recommended of 3.43373p which, with the interim, makes 5p for the year (2.8p).
- A scrip issue of 'one-for-one' is recommended.
- The Group has now upwards of 700 outlets and will continue to grow. Foster Menswear with 500 shops enjoyed a very successful year.
- Dormie shops and hire centres contributed satisfactory profits.
- Our planning provides for at least 12 new branches each year for Adams Childrenswear to add to the current 63 shops.
- Millets of Bristol with some 50 shops trading basically in casualwear and camping equipment was acquired in January last. It will fit in well with our other retail activities.

Summary of Results		
Year ended	28.2.79	28.2.78
	£000's	£000's
Sales (incl. VAT)	67,824	50,194
Profit before tax	9,782	5,367
Profit after tax	4,903	2,591
Earnings per share	22.0p	11.6p

## MINING NEWS

### Texasgulf lifts production

THE TIME is right for Texasgulf because world demand for the essential resources it produces will continue to accelerate, Dr. Charles Fogarty, the chairman, told Toronto financial analysts. "Texasgulf is well-positioned as demand for its products grows. We have well located large reserves. We have efficient, well-maintained modern plants in place with capacity being expanded," he said.

The group, which is based in Connecticut, is 30 per cent owned by Canada Development Corporation, the state-sponsored agency. Nearly half of its sales and 53 per cent of its pre-tax earnings come from Canada.

First quarter metal sales were 80 per cent higher than in the same period of 1978, while operating income responded to the rise in metal prices and moved 152 per cent higher, Dr. Fogarty noted.

Production at the Kidd Creek base metals operation in Ontario is rising. This year 4m tons of ore will be milled, against 3.3m tons in 1978 and 3.6m tons in 1977. By the end of 1981, the concentrator will be able to operate at its capacity of 5m tons a year.

65 per cent of capacity held at Kidd Creek operating costs are low in any case, but Texasgulf is pushing ahead with metallurgical projects to reduce costs further. The recovery of iron and the recovery of additional value from pyrites are considered as metallurgical challenges.

At present, Texasgulf is recovering only 3 per cent of the tin available, and the pyrites, which contain silver, zinc and tin are being stockpiled.

### DIAMONDS LURE WHIM CREEK

Australia's Whim Creek, a member of the Irish-Canadian Northgate Group, has joined the "diamond rush" in Australia's Kimberley region.

In the annual report, the company said that it has acquired three diamond properties in the area. It has pegged 94 mineral claims in the West Kimberley Goldfield approximately 50 kilometres north-west of the Ashton diamond discovery.

A joint venture has been started with a consortium of companies for diamond exploration of five temporary reserves adjoining the East Kimberly mobile zone. The temporary reserves are adjacent to areas where small diamonds have been found.

The consortium is comprised of Metaza Minerals, North West Mining, Haoma Gold and Uranium Consolidated.

The third diamond exploration concerns 12 mineral claims in the Cockatoo Bore area 75 km south-east of the Ashton diamond area.

On gold, the company said feasibility studies for developing the Havelock gold deposit have been completed, detailed engineering design commenced and operations planning initiated.

The feasibility study concluded that a heap leaching operation based on the Havelock deposit would be attractive at prevailing gold prices. The operation would have an annual capacity of 15,000 tonnes, reports Daniel Nelson from Manila.

The Lepanto orebody has a high arsenic content, which has made the company heavily dependent on Asarco of the U.S. for continued operation.

A statement from the Board of Investment said the new plant would relieve Lepanto of existing problems in marketing copper concentrates and "allow it to forecast sales with greater confidence and plan a production schedule over a longer period."

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## BIDS and DEALS

### Dorada pays £1.45m for three power saw companies

Dorada Holdings, the motor vehicle distributor and engineering concern, is paying a total of £1.45m for three companies which specialise in the manufacture of power saws.

The purchases, says Dorada, are part of the company's policy of developing its manufacturing interests and reducing its dependence on the motor trade.

The acquisitions will fit in with an existing Dorada subsidiary Charles Wicksteed and Company, which makes hydraulic saws for the engineering industry.

The new companies, Alexander Machinery (Dudley), Quarters and Smith Bros. (of Barnsley) and Richard Haighton (also of Barnsley), will enable Dorada's engineering group to produce equipment with a wider range of cutting equipment capacity than is presently available from Wicksteed.

Combined profits before interest and tax and turnover of the three companies for the year to June 1978 were £326,000 and £4.97m respectively. Consideration for the purchase has been satisfied by the issue of 1.5m Dorada shares and £512,000 in cash.

### SUITS DIRECTORS ADVISE ACCEPTANCE

The dissident directors of Scottish and Universal Investments are now advising minority shareholders to accept Lonrho's increased offer rather than to exercise an option to purchase 1.5m Dorada shares and £512,000 in cash.

The three directors, Mr. Hugh

Langland, the former chief executive, Mr. Henry Cowan, and Mr. Burrie Anderson, have themselves accepted the offer. Sir Hugh Fraser has also accepted on behalf of his family trusts.

### SIEMSEN HUNTER APPROACH MADE

Siemssen Hunter, the eighting group, has received an approach from "an acceptable outside source who wish to begin discussions about a possible acquisition with the company."

The directors stress that this is a preliminary approach and it is not possible to predict the outcome or indicate when a further announcement could be made.

### ADD SUSPENDED

Shares in Amalgamated Distilled Products were suspended at 4.5p yesterday. ADP's directors said discussions were taking place which may result in "an association with a third party" but this will not involve a general offer to shareholders.

### HARDY FURNISHERS

Hardy and Co. (Furnishers), the subject of a tentative agreement bid from Harris Queensway, has just hosted the value of its property portfolio by around 25 per cent.

Phillips Furnishing Stores, a subsidiary of Hardy, has just paid £200,000 for a freehold property in Birmingham's High Street, next door to its own existing shop. Phillips' own double-unit shop was last valued at £750,000 in April 1978.

By marrying that property to the next door shop the value of the total site, according to professional valuation fortnight ago, rises to £1.5m—surplus of £1m.

### BARKER AND DOBSON

Mr. Harold Smith, a director of Barker and Dobson Group, has resigned from the Board but will be carrying on as a full-time consultant to the company.

### CLOSE BROTHERS

Close Brothers, which provides specialist advisory services to large private and smaller listed companies, announces that a consortium, consisting of Lord and Yorkshire Trust Holdings, Safeguard Industrial Investors and the present chairman, executive directors of Close Brothers, has agreed to acquire all of the issued share capital of Close Brothers and its subsidiaries, from the Consolidated Gold Fields Group.

### SHARE STAKES

Automotive Products—Pin Investments has bought further 100,000 shares. E. G. Barr, director, is also a director of Pin.

Seckers International—Gro Securities holds 465,628 shares. Whitbread and Co.—W broad investment Co. has bought 170,000 "B" ordinary shares, exceeding £200,000 (45.54 per cent) of North British Property K. Bell, director, has sold 20 shares.

### Simon Engineering expands in U.S.

Simon Engineering, the process plant and special machinery group which has just completed an £11m rights issue, is stepping up its presence in the U.S.

Simon announced yesterday that it is paying at least \$2.5m (£1.35m) for the Allen and Garcia Company of Chicago, a move which the group says is in line with the policy of strengthening its position in energy-related fields. The purchase price could rise to \$4m (£1.9m) under an "earn-out" arrangement based on future profits.

Allen and Garcia is a designer and contractor in the fields of coal preparation, washing, handling, storage, blending and unit train loading.

A spokesman for Simon said the group has built coal preparation plants in the U.S. in the past. The acquisition, however, would give Simon a direct entry into this market.

In March, Simon paid almost £4m for Unichem International of New Mexico, a supplier of specialised oil field chemicals.

Meanwhile, Mr. Harry Harrison, chairman of Simon, told shareholders at the annual meeting that he did not wish them to think the group's recent new ventures and acquisitions would be net contributors to company profits from the outset.

Much of the company's growth strategy, he added, had been built on the assumption that it will be some years yet before there is a return to the buoyant trade conditions of the late 1960s and early 1970s. Mr. Harrison said the results so far achieved "vindicate our decisions" and, despite the difficulties ahead, "the board is looking for further reasonable profit progression during this year."

### NSS NEWSAGENTS

NSS Newsagents has paid £1.5m for the County News Group of 16 shops, all situated in and around Leicester, thereby increasing their retail outlets to a total of 439.

### LADBROKE HOTEL

Ladbroke has paid £1.9m in cash for the entire issued share capital of the private company owned and operating the Penine President Hotel at Huddersfield.

John Jarvis, chairman and managing director of Ladbroke

## OIL AND GAS NEWS

### Mobil's second success offshore Sable Island

MOBIL CANADA has made a second gas find in a well drilled with partners near Sable Island about 150 miles south-east of Halifax, Nova Scotia, reports Robert Gibbons from Montreal.

The Venture D-23 well flowed gas at a restricted rate of 22.6m cubic feet daily and condensate at 294 barrels daily from a 50-foot interval below the 15,000 feet level.

A previous test 800 feet deeper in the well flower gas at 10.2m cubic feet daily and condensate at 140 barrels daily.

Another zone nearer the 14,000 feet level will be tested next. Partners with Mobil are Petro-Canada, the national oil company, Texaco Canada, and Kaiser Resources Ltd.

Egyptian Petroleum Development Company has confirmed that it has encountered oil in a test drilling site on Egypt's Red Sea coast.

The company, a wholly-owned Japanese firm, has been prospecting for oil in the West Bakr area since 1975 under a joint development and production sharing agreement with the Egyptian Government.

The successful well, the fifth of six test wells, flowed oil at a rate of between 1,200 to 1,300 barrels a day from a depth of 2,200 feet. However, more work will be needed to determine whether the deposits would be commercially viable.

The company declined to comment on newspaper reports that the deposits would be able to produce 30,000 to 30,000 barrels of oil a day on a commercial basis.

Under the terms of the 1975 agreement 85 per cent of any oil output goes to the Egyptian Petroleum Organisation and 15 per cent to the Japanese companies.

Egyptian Petroleum Development was formed in 1972 by a consortium of 36 Japanese firms. It has a capital of ¥5.59bn, 46 per cent of which is owned by the semi-official Japan National Oil.

At the annual meeting of Central Pacific Minerals recently held in Sydney, the chairman, Mr. Ian MacFarlane, told shareholders that negotiations aimed at finding partners for development of shale oil deposits in Northern Queensland are still continuing.

Discussions are being held through the company's merchant bank in New York with a number of American oil companies.

Mr. MacFarlane said that about AS\$280m (£150m) would have to be spent by 1982 to develop the deposits at Rundle, near Gladstone.

Abu Dhabi increased crude oil exports to 131m barrels in the first quarter of year compared with 127m barrels in the previous quarter according to the official United Arab Emirates news agency. The increase was to help meet shortages on the international market.

However, Abu Dhabi's 1978 oil output fell 8.5 per cent over the previous year's production to 730m barrels. Crude exports totalling 724m barrels also fell 8 per cent below 1977 sales.

Under the terms of the 1975 agreement 85 per cent of any oil output goes to the Egyptian Petroleum Organisation and 15 per cent to the Japanese companies.

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CORAL INDEX: Close 480-485

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NORTH AMERICAN NEWS

NLT 'not interested' in Ashland Oil deal

NASHVILLE—NLT Corporation is not for sale, Mr. Russell L. Wagner, the chairman said yesterday. Accordingly, he continued, the insurance holding company "is not interested in any business combination with Ashland Oil or anyone else."

His statement followed an announcement last week by Ashland Oil that it had acquired an option to buy about 3m shares of NLT common stock at \$30 a share from American General Insurance.

Decision today on GPU loan

By David Lascelles in New York A GROUP of major banks is to decide today whether to advance several hundred million dollars to General Public Utilities (GPU), owner of the Three Mile Island nuclear plant where an accident in March nearly crippled the company financially.

Harnischfeger files against Citibank over Paccar bid

BY JOHN WYLES IN NEW YORK

CITIBANK has joined the ranks of lenders accused of misusing confidential information by companies which are the targets of unwelcome takeover bids. In a court suit aimed at blocking Paccar's proposed \$178m tender offer for \$20 a share, Harnischfeger Corporation claims that Citibank, which numbers both companies among its clients, "breached its duty of undivided loyalty" by advising Paccar to launch the takeover.

One of the basic operating principles of U.S. banking is the existence of an "invisible Chinese Wall" to ensure that information obtained from a customer in one area of a bank's activities will not be used elsewhere. But the effectiveness of the wall has been questioned in an increasing number of takeover cases.

Brascan chairman to step down

BY ROBERT GIBBENS IN MONTREAL

MR. J. H. MOORE will resign as chairman and chief executive of the big Toronto holding company, Brascan, following the annual meeting on June 29. Mr. Moore was primarily responsible for Brascan's abortive attempt to take over F. W. Woolworth, the giant New York based merchandiser.

Brown-Forman sees profit rise

LOUISVILLE — Brown-Forman Distillers expects to report improved sales and earnings for the fiscal quarter ended April 30, according to Mr. M. L. Lyons Brown, Jr., president and chief executive.

In the fiscal 1978 fourth quarter, the company earned \$8.2m or 64 cents a share on sales of \$124.5m. Although final figures are not available, Mr. Brown estimated that per share earnings for the

year "were about \$3.15" compared with \$2.45 in fiscal 1978. Sales exceeded \$500m against \$457.1m the year before. As previously reported, for the nine months net income climbed to \$30.6m or \$2.40 a share from \$23.1m or \$1.80 while sales rose to \$407.9m from \$352.5m.

"We're very optimistic about fiscal 1980—barring a severe economic downturn. The trends are going in the right direction."

to deal with any customer who comes to it providing that its services do not rely on confidential information of other customers in its files and that banks should take all necessary steps to minimize the potential for conflicts of interest. Last year, however, a bid for Washington Steel Corporation by Talley Industries was blocked by a federal judge in Pittsburgh when he objected to Chemical Bank financing the offer as well as being a lender to Washington Steel. Chemical is pursuing this to appeal, although Talley Industries subsequently dropped its bid.

F. W. Woolworth launched a case against Canadian Imperial Bank of Commerce, claiming that the bank had supplied information to Brascan which was used in launching the Canadian bid. CIBC was to lend \$700m to help finance the bid which was withdrawn earlier this month after forces hostile to the takeover gained control of Brascan. Woolworth has since terminated its borrowing from CIBC whose former chairman, Mr. J. R. Page Wadsworth, is no longer a member of Woolworth's Canadian board.

In its case, Harnischfeger notes that Mr. Charles M. Pigott, Paccar's chairman, is a director of Citibank which has been Harnischfeger's principal bank for many years. The suit claims that Paccar retained Citibank to advise on possible takeover candidates and that in October 1977 the bank provided a written analysis on a possible takeover of Harnischfeger.

"Citibank induced, aided and abetted Paccar's fraudulent scheme to hide from Harnischfeger the fact that Citibank was advising Paccar, partly because Citibank hoped to become the lead bank for the enterprise after the takeover of Harnischfeger," claims the court suit. Citibank said yesterday the charges were "completely unjustified."

Mr. Peter Bronfman is expected to become chairman of Brascan though the presidency may not change. According to an information circular for the annual meeting of Brascan, the representatives of Edper on the Brascan Board "will support the continuation in office of the present officers of the company."

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INTERNATIONAL CAPITAL MARKETS

China asks Japan for loan

By Our Euromarkets Staff

CHINA HAS formally asked Japan for a Government loan to help finance its big industrial modernisation programme, according to the Japanese Foreign Ministry. The request was made in Peking to Mr. Kensuke Yanagida, Director-General of the Ministry's Asian Affairs Bureau.

The Ministry in Tokyo yesterday gave no details of how much cash the Chinese wanted. But it noted that such loans are normally denominated in yen. The Japanese Export-Import Bank has already signed a yen loan equivalent to \$2bn with China while Japanese commercial banks have agreed on basic conditions for a \$2bn loan and \$6bn finance facility for Peking.

The Bulgarian Foreign Trade Bank is to raise DM 150m through a 10-year Eurocurrency credit, according to Badische Kommanale Landesbank International, the joint lead manager. The credit will carry a 7 per cent point spread over interbank rates for the first six years, and thereafter.

Elsewhere, Jamaica has signed an agreement to refinance about \$130m of public sector debt maturing over the next two years. The Royal Bank of Canada will manage the refinancing with First National Bank of Chicago. The seven-year facility was arranged along with the second-year programme of the Canadian fund facility of the IMF, and will complement other multilateral credits being negotiated by Jamaica.

Meanwhile, a \$100m tax-sparing loan to Korea Electric, the largest of its kind ever made to any borrower, was signed in London yesterday. The facility is lead managed by Hill Samuel and Midland Bank International. The term is 10 years at a margin 1 percentage point over interbank rates. Additionally, the Saudi British Bank and Antony Gibbs Holdings have arranged a medium term syndicated loan totalling 30m Saudi riyals for Marine Transport International of Jeddah. The 2 1/2-year loan will be used to finance container handling equipment at Jeddah Port. No other terms were given.

Attention shifts to D-Mark as dollar rally fades

BY FRANCIS GHILES

THE RALLY witnessed in the dollar sector of the bond market over the past few weeks is running out of steam. Prices of most straight issues were unchanged yesterday, but trading activity was described by most dealers as being at a low ebb. Attention has shifted to the Deutsche-Mark sector, where Westdeutsche Landesbank was able to announce both a reduction in the coupon on the issue it is arranging for Norges Kommunalbank, from an indicated 8 per cent to 7 1/2 per cent, and an increase in the amount of the issue from DM 100m to DM 150m.

Such an increase is only possible after the lead manager has informally consulted the German capital markets sub-committee which meets at monthly intervals to determine the new issue calendar for Deutsche-Mark bonds. Less than two weeks ago, the sub-committee decided to limit the new issue calendar for June to one issue. A second issue for the Inter-American Development Bank, which does not technically need to be included

in the calendar because of its supranational status, was arranged last week. Now there are rumours of a further issue, possibly for the World Bank. The turnaround in the DM sector has been very swift. When the sector was depressed last month and until the early part of June, there was evidence that the Swiss, French and Belgian banks were picking up DM-denominated paper, both in the form of foreign and domestic bonds, cheaply. The interest in buying DM paper has now spread, and although prices edged up only slightly yesterday, all participants agreed the market was very firm.

In the dollar sector, two French banks are issuing floating rate Notes. Société Générale is sole lead manager for a \$50m 12-year issue for itself. It is offering an interest rate of 1 per cent over the mean of the bid and offered three-month interbank rate. Meanwhile, Banque de l'Indochine et de Suez is floating a \$100m FRN. The borrower is offering an

interest rate of 1 per cent over the six-month Libor rate with minimum coupon of 3/4 per cent. The issue has a bullet maturity of 10 years. Indususer is launching its own issue. Three foreign borrowers were planning to float denominated bonds on Japanese capital market 1 month ago but have postponed their plans following the new weakness of the Japanese domestic bond market and rise in domestic Japanese interest rates.

The Finnish electric power company Imatran Voima, which had already last month postponed its planned issue, now does so indefinitely. The borrower has been following the governments of Thailand and New Zealand, which both also postponed the issue they were planning indefinitely. Brazil's Electrobras is expected to postpone a \$100m issue it was planning to issue next month. In the Swiss Franc sector, prices of seasoned issues were steady yesterday with some gains on some names.

MAIBL chief slams new trend

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

EUROCURRENCY borrowers who are increasingly tending to demand renegotiation of loan terms to reflect improved market conditions come in for severe criticism from Lord Armstrong, chairman of MAIBL, the consortium bank in which Midland Bank has a substantial stake.

Lord Armstrong says that competitive conditions have intensified in international markets. "In addition to downward pressure on margins and a general lengthening of new loan maturities, we have seen an increasing number of borrowers wishing to renegotiate loans to reflect these changes and, for them, improved market conditions." Where there was a contractual right to repay loans early, renegotiation was understandable. "However, where there are no such rights, it is a very different matter, particularly as the margin is such a relatively small part of the overall cost of a loan at current interest levels. One can imagine the reaction if the lender is permitted to seek to break their contractual commitments when market conditions were changing in their favour." It is understood that countries such as Mexico are the principal negotiators Lord Armstrong has in mind. MAIBL has reported disinvestment of \$4.4m (\$8.5m) after all deductions and transfers were made, against \$3.8m

last time. However, Mr. officials admit these figures exaggerate the extent of improvement since the bank now in the process of moving towards "full disclosure" process will be completed next year when true profits will be revealed for the first time. A rough guide to the profits for the year may be provided by MAIBL's last activity, which is up from \$1.2m to \$14.3m. This increase is needed partly to shelter corporation tax at \$12m arising from the disposal of shareholdings in own shareholders during last year which has been tax secret reserve.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns: U.S. DOLLAR, Issued, Bid, Offer, Change on day, Yield. Lists various international bonds like Alcoa, Boeing, etc.

Table with columns: OTHER STRAIGHTS, Issued, Bid, Offer, Change on day, Yield. Lists various international bonds like Deutsche Mark, etc.

Table with columns: DEUTSCHE MARK, Issued, Bid, Offer, Change on day, Yield. Lists various international bonds like American Int., etc.

Table with columns: SWISS FRANC, Issued, Bid, Offer, Change on day, Yield. Lists various international bonds like American Int., etc.

Table with columns: YEN STRAIGHTS, Issued, Bid, Offer, Change on day, Yield. Lists various international bonds like Asian Dev. Bank, etc.

Bell Canada challenges ruling

ST. ANDREWS—Bell Canada has asked the Federal Cabinet to review a decision by the Canadian Radio-Television Telecommunications Commission (CRTC) which would permit CNCP Telecommunications to use its telephone lines for transmissions.

Last May the CRTC ruled that CNCP, owned jointly by Canadian National Railways and Canadian Pacific, could use the lines. However, Bell Canada and eight other telephone companies in Canada submitted appeals. Mr. Fred Ivey, executive vice-president with Bell Canada, said if the CRTC decision is allowed to stand, it would be irreversible and would change the future of telecommunications in Canada.

Touche Ross Court victory

WASHINGTON — The Supreme Court has ruled that the customers of a brokerage house do not have the right to sue an accounting firm for certifying misleading financial statements by the securities broker. The Court, handing a victory to Touche Ross, overturned a Lower Court ruling that the Securities Investor Protection Corporation and the trustee of Weiss Securities, a defunct brokerage firm, could sue for damages on behalf of Weiss customers who lost cash or securities in the collapse.

Anken stake

Rhone Poulenc Inc., a wholly-owned subsidiary of Rhone Poulenc, the French group, now has about 1,050,000 shares or about 89.4 per cent of the common stock of Anken Industries, tendered under its offer for all shares at \$21 each. Reuter reports from Monmouth. The offer is being extended to July 19.

Bank takeover

Heritage Bancorp has agreed in principle to acquire Coastal States Bank of Ocean City through a subsidiary for \$62.5 a share. Reuter reports from Cherry Hill. The deal is worth some \$8m. Coastal holds about \$64m in total assets.

Advertisement for SIDOR C.V.G. SIDERURGICA DEL ORINOCO, C.A. featuring a logo and text: US \$250,000,000 MEDIUM TERM LOAN. Lists various banks and agents.

Handwritten signature: J. J. ...



COMPANIES AND MARKETS: INTL. COMPANIES and FINANCE

Five month upsurge for Olivetti

BY RUPERT CORNWELL IN ROME

LIVETTI, the electronics and office equipment group, yesterday reported a jump of more than half in parent company turnover and an improved profit...

of Olivetti after the major debt reorganisation programme put into effect over the past year. In 1978, for the fourth time running, the company failed to pay a dividend after suffering a drop in group profits to L2.1bn from L3.5bn in 1977, despite significant sales of fixed assets.

share from L80 in the previous financial year. Net profit declined to L6.9bn (\$8.1m) from L10.1bn, despite net proceeds of L26.5bn (\$31m) from the sale of the famous Pirelli skyscraper in Milan to the Lombardy regional authorities.

recent sharp rise in labour costs within Italy. Interbanca, a medium term credit bank, is making a L80bn bond issue with a floating interest rate. Reuter reports from Milan. The issue will have a maturity of five years and be issued at par.

Electrolux in Canadian saw deal

by Victor Kayfetz in Stockholm. ELECTROLUX, the Swedish home appliance, office equipment and machinery group, disclosed yesterday that it was trying to buy control of Canadian power saw manufacturer Pioneer for roughly \$20m (\$4.6m).

Setback for German retailer

BY ROGER BOYES IN BONN

LEADING West German department store group Karstadt reported a sharp decline in profits last year and expects only a slight recovery in margins during 1979. The group, as one director put it, is still suffering from digestion problems.

The takeover of Neckermann increased selling space from 1.1m square metres to 1.2m square metres in 1978 but in real terms sales fell slightly. According to Dr. Walter Deuss, board member, this was due to "unforeseen personnel problems."

profit-makers in 1980. Three other branches of the Neckermann concern — the travel agency, house purchasing and mail order wings — showed a healthy increase in turnover last year and are likely to play an increasingly important part in Karstadt.

Sales increase at Ruhrkohle

BY OUR BONN STAFF

RUHRKOHLE, West Germany's principal producer of hard coal, is urging the Government to consider a greater role for coal in the solution of the country's energy problems. This emerged from a speech by Dr. Karo Karthelz Bund, Ruhrkohle chairman, in which he announced a 10 per cent increase in sales during 1978.

thus the reserves alone should be able to account for several decades of restrained energy consumption, quite apart from the possibilities of coal liquefaction projects. Ruhrkohle reached a "balanced" result last year after 1977 losses of DM 10m, which were carried over to the 1978 account.

to fall by about 50 per cent to 12m tonnes by the end of 1979. Coal should reap pricing benefits from the increasing cost of other energy sources. Dr. Bund said. Both industrial and domestic heating oil were now substantially more expensive than coal.

Norsk Hydro planning fertiliser acquisition

BY FAY GASTER IN OSLO

NORSK HYDRO, Norway's largest industrial concern, is planning to acquire a Belgian-Dutch fertiliser company—Compagnie Neerlandaise de l'Azote (CNA)—with an annual turnover of around \$200m. An announcement in Oslo said that if the deal was approved by the companies concerned, the formal transfer would take place in the early autumn.

obtains its raw materials from the Groningen gas field. Hydro says that if it acquires the company it will study the possibility of using natural gas from the Norwegian sector of the North Sea. Annual production capacity at CNA includes 700,000 tonnes of ammonia, 680,000 tonnes of nitric acid, 730,000 tonnes of urea, 400,000 tonnes of calcium ammonium nitrate and 400,000 tonnes of ammonium nitrate.

Higher sales at Turkish builder

By Meth Munir in Ankara

TURKEY'S Sezal Turkes-Feyzi Akkaya group, the country's biggest construction conglomerate which has contracts in North Africa and the Middle East, reports record turnover of \$106m in 1978, an increase of 18 per cent.

The group, which carries the names of the two engineers who set it up in 1938, contains 14 companies. It employs nearly 7,000. The Sezal Turkes-Feyzi Akkaya construction company is the biggest in the group, accounting for nearly half of total turnover. This company has four contracts in Libya amounting to \$380m, including the two stages of the Tripoli harbour expansion, construction of harbour, quay and piers for the Sidi Blal naval port and the Tripoli Fiat car factory.

New U.S. owner for French bank

PARIS — Agreement in principle has been reached for General Motors Acceptance Corporation of the U.S. to acquire a controlling interest in Banque Radio-Fiduciaire, a French private bank owned by Cie Francaise Phillips.

Societe Radiotechnique, another Philips group unit, has a 23.4 per cent shareholding in the bank. Financial details of the deal have not been disclosed. Cie Francaise Phillips said that after the entry of General Motors Acceptance the bank would continue its diversified activities. The deal is subject to approval by the French authorities. AP-DJ

Demand rising for Merck

Guy Hawtin in Frankfurt

CK GROUP, one of West Germany's leading pharmaceutical manufacturers, reports a 5 per cent increase in world sales for the first four months of 1979. Management reports that sales have progressed satisfactorily not only in the pharmaceutical sector but also in the insecticide divisions.

REIGN BANKS IN SPAIN: Persistent calls for less state control

DRD — Foreign banks are helping the government to challenge large and entrenched domestic competitors. "We've only come to the act of faith that the government will remove some of the restrictions that make it difficult to lend foreign currency or obtain pesetas and us to turn a profit," said general manager of a leading bank. In part, the Spanish government hopes the foreign banks help modernise the banking industry.

Spanish banks have long enjoyed "protection" and will not readily give up their privileged position. "Spanish banks aren't the most efficient in the world but they know their market and have hundreds of branches," said Luis Kotbe, assistant director of the foreign department of Banco de Santander. The government has authorised 10 foreign banks to open branches this year and five next year. The move, part of the post-Franco liberalisation of the economy, limits foreign banks to a maximum of three branches.

to develop this market because they need a source of pesetas to finance other operations. Spain's interbank market is currently very limited. Government regulations bar participation by institutions such as insurance companies, investment funds, unit trusts, or industrial corporations. Commercial banks are therefore the only institutions involved and the result is an unstable market and an unreliable source of funds. The rate on one-month deposits soared to 29 per cent from 14 per cent in less than two months earlier this year. "The Government will eventually have to allow other financial institutions to enter the market but they will have to do a lot of soft-soaping because the big domestic banks won't like it," a prominent U.S. banker speculated. AP-DJ

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TEOLLISUUDEN VOIMA OY - INDUSTRIAL KRAFT AB (TVO Power Company) Private Placement 250,000,000 Luxembourg Francs 1979-1986 Guaranteed Bonds

WESTLAND UTRECHT HYPOTHEEK BANK N.V. Private Placement 250,000,000 Luxembourg Francs 1979-1984 Guaranteed Bonds

CITY OF COPENHAGEN 25,000,000 European Units of Account 8 1/4 per cent. 1979 - 1991 Bonds



This is not a new issue and this announcement appears as a matter of record only

N.V. BELEGGINGSMAATSCHAPPIJ WERELDHAVE

546,460 ordinary bearer shares of DFI 20 have been placed with institutional investors

by HILL SAMUEL & CO. LIMITED

KEMPEN & CO. N.V. Amsterdam

advised the company on this transaction

May 1979

MARINE CONTAINERS

Tokyu Car lifts the lion's share

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

ABOUT 40 per cent of the marine containers in use throughout the world were made by one Japanese company, Tokyu Car Corporation. This is the result of Tokyo's enthusiasm and foresight in acquiring capacity at a time when its competitors were thinking on much more modest lines, and of the pattern of Japanese trade, which made it almost inevitable that the world's leading container maker should be Japanese.

Japan is, par excellence, a raw materials importing and manufactured goods export country, which means that its imports tend to arrive "loose" while its exports need to be packaged. Since the ultimate form of packaging today is the 20-foot or 40-foot marine container Japan could hardly fail to become a major container exporter.

The container revolution did not originate in Japan, but in the U.S., where Matson Line took the lead in containerising its Los Angeles-Hawaii cargo service in the mid-sixties. Matson was quick to extend its service west to Japan, where Japanese shipping lines, led by NYK, were quicker still to realise that they would have to start using containers, or lose

their competitive strength. This provided the spur for Tokyu (which had previously been mainly a rolling stock and specialised vehicle manufacturer) to set up its first marine container production line at Yokohama in 1965.

Tokyu started with the capacity to build 755 of the 20-ft containers (or half as many 40 footers) per month at its Yokohama works but soon added a parallel production facility at Osaka (Japan's other main port) and then duplicated both the Osaka and Yokohama production lines. By 1976, after investing about \$50m (excluding land costs) Tokyu had reached the point where it could produce 10,000 20-ft containers per month at its two facilities.

Its total cumulative output by the end of 1978 (nearly all of it still in active service) was 430,000 units or roughly 40 per cent of the number of containers built in the world as a whole.

Tokyu specialises in steel containers, not in the slightly more expensive but also more durable aluminium variety (manufactured by, among others, Fruehauf). It claims a 66 to 70 per cent share of the world output of steel containers and a dominant share of con-

tainers owned by the seven major international container hire companies. (Aluminium containers, which represent 20 to 30 per cent of the marine containers built to date are for the most part owned directly by shipping companies.)

Tokyu Car's Mr. Enji Nakaso, who was in at the birth of the

Tokyu Car Corporation set up its first marine container production line 14 years ago and has since built 40 per cent of the world's containers, a market which provides Japan with a \$400m export industry

container revolution, says there is now a direct relationship between Japan's export performance (or more precisely the ratio between the growth rate of its manufactured imports and exports) and the state of the container market. The boom years 1977 and 1978 for Japanese exports, were thus good years for the container industry, whereas 1979 promises to be a

bad year, because Japanese manufactured exports are stagnant while imports are rising.

Production this year could be cut back to 90,000 units from last year's 120,000, but that does not mean, says Mr. Nakaso, that the good times are over. He forecasts that higher oil prices will oblige Japan to start pushing its manufactured exports once again, and that more containers will inevitably be needed to ship such products out of the country. Apart from that the 10-year life cycle of steel containers means that the replacement market should be getting rapidly larger from now on.

Mr. Nakaso says that patents are not involved in container manufacturing—the product after all is basically nothing more than a big steel box. But experience and specialised know-how is involved in the lay-

out and planning of production lines (and in quality control).

Tokyu has been responsible for evolving much of it. Discussions on technology transfer have been held with several European countries and with Brazil (which signed a know-how agreement with Tokyu in September). China has also shown interest, with the result that a delegation consisting of Tokyu and two Japanese general trading companies visited Peking recently for talks on joint venture.

Near record price for Hong Kong site

BY PHILIP BOWRING IN HONG KONG

A SITE of 4,500 sq metres in a prime area of Hong Kong's Tsim Sha Tsui district was sold at a Government auction for HK\$400m (U.S.\$78m), very close to the record price for a similar site reached last October. The price is equivalent to HK\$88,559 a sq metre, compared with the record HK\$85,855 paid for the record HK\$359,855 Tsim Sha Tsui site of 1,380 sq metres last October.

The successful bidder was Mr. Cecil Chao, chairman of Wah Kwong Properties, who was acting on behalf of a consortium of several property companies including Wah Kwong. The sale was regarded as highly significant because this same site was withdrawn from auction last year when bidding failed to surpass HK\$350m. That sparked off fears that the soaring land market was headed for a sharp reaction.

The fact that the price is close to the record has come as a surprise, in view of the fact that a 20 per cent downpayment was demanded, against 18 per cent when first put up for auction. Furthermore, the price lending rate between the two auctions has risen from 8 per cent to 13 per cent.

Meanwhile, Tai Cheu Properties, a major local property owner and developer, announced a rise of some 10 per cent in profits for the year to March, to HK\$94.4 (US\$18.5m), from HK\$85.2m the previous year. In addition, the company made an extraordinary profit of HK\$26.3 (US\$5.3m) compared with an extraordinary loss in the previous year.

The final dividend has been raised 1 cent, to make a total 11 cents for the year, compared with 9 cents.

1978 Balance Sheet: Investment in the Future

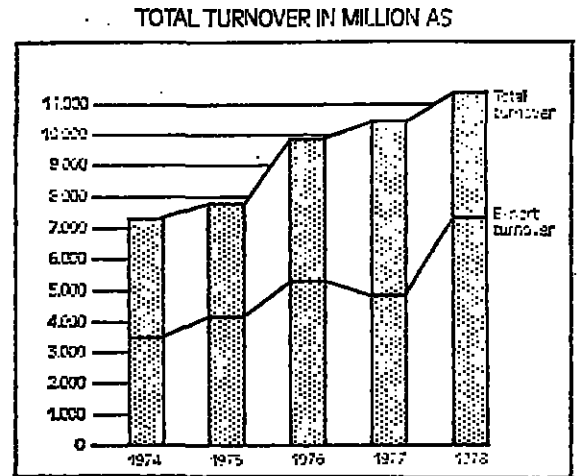
Thanks to the special efforts made by Steyr-Daimler-Puch AG, this enterprise succeeded in 1978 in expanding the turnover of the preceding year by 793 million Austrian Schillings, i.e. roughly 8%, to 11,300 million AS. On the export markets it proved possible in the face of stiffest international competition to achieve what, in part, were substantial market share gains and thus compensate for the declining domestic demand. The export volume expanded by 49% to close on 7400 million AS so that—relative to the sale of the firm's own products—the export share of this firm rose to 71%. No less than 4% of the total Austrian export of goods were, in 1978, accounted for by Steyr-Daimler-Puch AG.

The fact that the group sales revenue rose by 20% from 92 million AS in the preceding year to 111 million AS in 1978 enabled the distribution of a dividend payment of 9% on the share capital of 1200 million AS, which had been increased compared with the preceding year. While the 1978 balance sheet total rose by approximately 16% from 9,600 to 11,100 million AS, it has nevertheless been possible to maintain the structurally sound ratio between the balance sheet items.

Productivity, expressed in turnover per employee, once again rose in the 1978 business year, viz. from 628,000 to 676,000 AS so that, in the period from 1974 to 1978, this index figure rose by more than 70%.

In 1978 the investment activity of our group of companies was once again clearly intensified. The accruals to the physical fixed assets reached a value of 748 million AS compared with 490 million AS in the preceding year. All told this was the highest accrual to the physical assets of any one year since the establishment of this enterprise.

Including the financial assets, which in part reflect the accruals to the physical fixed assets of our subsidiary and associated companies, such as Geländefahrzeug GmbH, Graz, Steyr-Daimler-Puch AG in 1978 invested a total of roughly 1,100 million AS.



This renewed vigorous expansion of the investment volume reflects a policy which has been consistently pursued in recent years, namely to bring about the structural realignment of the existing product groups and branches and, in particular, to aim for the initiation or

completion of large-scale projects which exceed the scope of products and technologies customary hitherto. Owing to the slight upswing of economic activity which can, on the whole, be noticed in Austria, especially as a result of the expected normalization of demand in the consumer goods sphere and in respect of capital goods, the prospects for the development of business on the domestic market can be regarded as promising. Just as in the past year, significant stimuli to growth are expected to emanate from our exports.

By the end of the year 1978, the stock of orders on hand reached about 4100 million AS and thus surpassed the corresponding figure of the preceding year by 5%. The course of business in the first four months of the current year is described as satisfactory by the managers of this company. Compared with the corresponding period of the preceding year, the turnover volume once again expanded in 1978.

So as to be able to attain its long-term growth objectives, Steyr-Daimler-Puch AG in 1979 is going to continue along its successful course of international co-operation. Increased transmission of know-how and licensing contracts in conjunction with the erection of assembling- and production facilities for the products manufactured by this enterprise are going to play their part in consolidating market positions that have been won and in opening up new markets. A capital investment volume of roughly 800 million AS is envisaged for the year 1979. The continuation of the investment policy adopted in conjunction with a consistently market-oriented overall management policy are going to be instrumental in attaining also the targets set for the year 1979.

Excerpt from the Balance Sheet as of 31 December 1978 in million Austrian Schillings

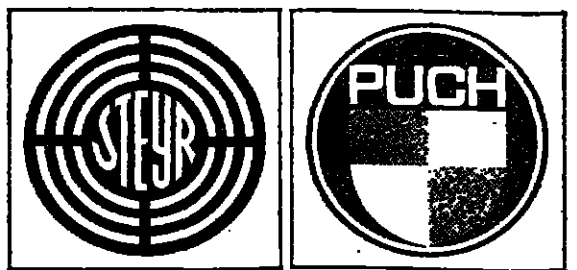
Assets	1978	1977
I. Fixed assets		
Physical assets	1,363.4	1,150.4
Financial assets	847.2	489.3
	2,210.6	1,639.7
II. Current assets		
Inventories	4,225.1	4,116.2
Securities	542.1	118.8
Advance payments as well as goods and intra-group receivables	3,032.8	2,479.4
Liquid assets	984.7	1,115.8
Other receivables	112.5	115.3
	8,897.2	7,945.5
III. Accounting apportionments	39.2	43.5
	11,147.0	9,628.7

Excerpt from the Profit and Loss Account for the 1978 Business Year in million Austrian Schillings

Liabilities	1978	1977
I. Share capital	1,200.0	1,000.0
II. Statutory and voluntary reserves	1,549.7	1,458.9
	2,749.7	2,458.9
III. Provision for staff service termination payments	562.9	593.2
IV. Adjustments on valuation as per Section 123 of the Income Tax Act 1972	454.3	300.0
V. Special-purpose reserves	2,370.2	2,006.8
VI. Liabilities	4,897.8	4,196.4
VII. Net profit (incl. carry-forward)	112.1	95.5
	11,147.0	9,628.7

Excerpt from the Profit and Loss Account for the 1978 Business Year in million Austrian Schillings

Expenditure	1978	1977
Employment costs	3,663.8	3,510.9
Depreciations	539.6	429.8
Interest paid	370.8	215.0
Taxes and contributions	158.8	242.4
Allocation to special-purpose reserves	—	142.2
Net profit (incl. carry-forward)	112.1	95.5
	4,845.1	4,633.8
Earnings		
Profit brought forward	1.3	1.4
Gross earnings (after accounting settlement between parent and subsidiary)	4,462.9	4,281.1
Profit from investments in affiliates	4.5	6.1
Interest received	218.6	193.7
Exceptional profits	157.8	151.5
	4,845.1	4,633.8



Steyr-Daimler-Puch AG

Japanisato

Solid first-half advance seen by Toyo Kogyo

TOKYO—Toyo Kogyo Company, the makers of Mazda cars, said that it expects to report that profits before tax and special items in the first half-year ended April 30 "more than doubled" to about ¥12.7bn (\$57.7m) from ¥6.16bn in the same 1978 period on sales increased to about ¥396.00bn (\$1.8bn) from ¥323.67bn.

The company plans to announce its first half-year results on July 3.

Toyo Kogyo said it attributed the expected sharp rise in profits mainly to a fall in production costs following reduction of its workforce and increased production. Increased sales of profitable high-quality rotary-engine cars had also been a contributing factor.

The company said that vehicle production rose about 18 per cent in the first-half, from the level a year earlier, to about 470,000.

Toyo Kogyo has reached a basic agreement to transfer a 20 per cent interest in the Ford Motor Company of the U.S.

After-tax profits of ¥1.13bn were reported for the year ended October 31, 1978, on sales of ¥628.26bn. Profits before tax and special items in the year were ¥8.20bn.

The company's motor vehicle production in May totalled 75,344 units, up 33.8 per cent from the same month last year, but down 3.9 per cent from the April level.

Overall sales in the month totalled 79,084 units, up 23.7 per cent from May, 1978, but down 3.1 per cent from April.

Exports amounted to 48,745 units, up 23 per cent on the year and up 14.3 per cent on the month. Domestic sales were 30,609 units, up 24.9 per cent on the year.

Record profit and sales at Suntory

TOKYO—Suntory, Japan's largest whisky distiller, raised its parent company net profit by 41 per cent in the year ended March 31 to a record ¥14.88 (\$66.8m), up 41 per cent (\$66.8m) from ¥10.41bn in the previous year.

Sales reached a record ¥550.13bn (\$2.5bn), up 13 per cent from the ¥485.59bn in year before.

Liquor sales totalled ¥430.12bn, for a gain of 8 per cent from ¥399.96bn and beverage sales increased 21 per cent to ¥81.72bn, from ¥67.56bn. Sales of foodstuffs jumped 103 per cent to ¥36.77bn from ¥18.07bn.

"Market conditions for liquor sales were very bad last year due to tax increases which went into effect in May 1978," Suntory officials said.

Komishiroku Photo Indus Company, Japan's second largest producer of photo film and photographic equipment, has announced a 2.2 per cent rise in net profit for the year 1 April 30, to ¥5.9bn (\$28.8m) from ¥5.78bn in the previous year.

Sales totalled ¥143.21bn (\$651m), for an 8.2 per cent increase from the ¥132.454bn the previous year.

Profit per share went down to ¥34.77 from ¥35.87.

Domestic sales, accounting for 60.5 per cent of the company's business, totalled ¥87.07bn, up 14.5 per cent on the year, but overseas sales representing 39.5 per cent of business, went down by 0.5 per cent to ¥56.56bn.

Company officials predicted that the net profit in the current fiscal year would go up by some 5 per cent to ¥6.2bn, on sales increased by 7.5 per cent to ¥154bn.

Earnings ahead at KLK after drought last year

BY WONG SULONG IN KUALA LUMPUR

KUALA LUMPUR KEPPONG, the fourth biggest Malaysian plantation group, raised its half-year profits by 97 per cent to 27.2m ringgit (U.S.\$ 12.2m).

KLK said that better commodity prices and better output after recovery from last year's drought were responsible for the improved results for the six months to March, and that similar conditions were expected to prevail in the second half.

The group made 68.9m ringgits on the sale of palm oil and rubber, or 24 per cent more than the comparable half last year.

The group's own rubber output fell by 3.5 per cent to 8.24m kilos, as a result principally to

lower yields, but its palm oil production rose by 39 per cent to 141,900 tonnes of fresh fruit bunches.

KLK obtained an average of 256.26 cents per kg for its rubber during the period, and an average of 1,064 ringgit per tonne for its palm oil, representing increases of 20 per cent and 33 per cent respectively.

With the profits, the group's liquidity has improved markedly, as reflected by the reduction in interest on debentures and loans, which fell from 1.36m ringgit to 759,000 ringgit. An interim dividend will be declared later.

Last year KLK paid an interim dividend of 7.5 per cent and a final dividend of 12.5 per cent.

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.	
45 Cornhill, London EC3V 3PB, Tel: 01-232 6314.	
Index Guide as at June 14, 1979	
Capital Fixed Interest Portfolio	113.20
Income Fixed Interest Portfolio	103.00



CURRENCIES, MONEY and GOLD

Pound steady; dollar mixed

Trading showed little realignment in yesterday's foreign exchange market and finished unchanged against most currencies.

The release today of the trade figures persuaded people to stay on the sidelines with market predictions being mixed.

Against the dollar it opened at 2.1050-2.1060 and eased to a low of 2.1030-2.1040, but with dollar showing a weaker sterling improved to touch a level of 2.1100-2.1115.

The dollar was initially weaker than Swiss interest rates were likely to return to five quotations in the short term.

MILAN - The lira continued to improve against the dollar with sterling also weaker against the lira while EMS currencies all showed a firmer trend.

THE POUND SPOT AND FORWARD

Table with columns: June 18, Day's spread, Close, One month, % Three months, % Six months. Includes data for U.S., Canada, Netherlands, Belgium, Denmark, Ireland, Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, and Switzerland.

THE DOLLAR SPOT AND FORWARD

Table with columns: June 18, Day's spread, Close, One month, % Three months, % Six months. Includes data for U.K., Ireland, Canada, Netherlands, Belgium, Denmark, Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, and Switzerland.

CURRENCY MOVEMENTS

Table with columns: June 18, Bank of England, Morgan Guaranty, % change from central bank, % change from previous day, % change from previous week.

CURRENCY RATES

Table with columns: June 18, Bank of England, Morgan Guaranty, % change from central bank, % change from previous day, % change from previous week.

OTHER MARKETS

Table with columns: June 18, \$, £, Note Rates. Includes data for Argentina, Australia, Brazil, Canada, Denmark, Germany, Greece, Hong Kong, Italy, Japan, Korea, Luxembourg, Malaysia, New Zealand, Norway, Portugal, Saudi Arabia, Singapore, South Africa, and Switzerland.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on June 18, 1979.

Large table with columns: PLACE AND LOCAL UNIT, VALUE OF £ STERLING, PLACE AND LOCAL UNIT, VALUE OF £ STERLING. Lists numerous countries and their exchange rates.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: ECU, Currency amounts, % change from central bank, % change from previous day, % change from previous week.

CHANGE CROSS RATES

Table with columns: June 18, Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canada Dollar, Belgian Franc.

3-CURRENCY INTEREST RATES

Table with columns: June 18, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian \$, Japanese Yen.

INTERNATIONAL MONEY MARKET

Bank of France to buy paper

Bank of France is to offer first category paper by with value date for purchase June 21. The last tender, issued May 16, produced a 7 1/2 per cent bid.

GOLD

Weaker trend

Gold lost \$2 an ounce in the London bullion market yesterday and closed at \$277.378.

MONEY MARKET

Inadequate credit supply

of England Minimum Reserve Ratio 14 per cent since June 12, 1978. The day's credit was in line with the supply in the London market yesterday.

MONEY RATES

Table with columns: June 18, Sterling Certificate of deposit, Interbank, Local Authority deposits, Local Authority negotiable bonds, Finance House Deposits, Company Deposits, Discount market deposit, Treasury Bills, Eligible Bank Bills, Fine Trade Bills.

INTERNATIONAL MONEY MARKET

Authority and finance houses seven days' notice others seven days' fixed. Long-term local authority mortgage mainly three years 12-13 per cent four years 12-13 per cent five years 12-13 per cent.

MONEY RATES

Table with columns: NEW YORK, Prime Rate, Treasury Bills (13-week), Treasury Bills (26-week), GERMANY, Discount Rate, Overnight, One month, Three months, FRANCE, Discount Rate, Overnight, One month, Three months, JAPAN, Discount Rate, Overnight, One month, Three months, Bills Discount (three-mth).

Thomas Cook Travellers Cheques. The accepted name for money. Worldwide. A member of Midland Bank Group.

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THE JOBS COLUMN

'Remuneration' + 'termination' = humiliation

BY MICHAEL DIXON

"MY WIFE now has a dress-allowance from my company, for example," one of the audience commented with considered nonchalance.

His possession of this perk (a hem-benefit?) certainly impressed most of the other personnel managers at the seminar in London, as they waited for the comment from the floor to be answered by one of the experts on the platform.

But to a few there, dress-allowances for spouses were plainly old hat in those perk-proliferating days. The few no doubt work for organisations with really sophisticated "remuneration packages," perhaps including subsidised postage stamps to ease the financial strain of communicating with sons and daughters away at school on company scholarships.

"Giving wives dress-allowances does not get the best value for the company," came the reply from the appropriate expert: Tony Vernon-Harcourt of Keyser Ullman Remuneration Services. "It's better to put the wives on the company payroll, and then lead them as he spoke, I shuddered.

About 70 of us had spent the day reviewing, under the sponsorship of European Study Conferences, the latest trends in systematically recruiting, systematically rewarding and syste-

matically getting rid of managerial employees.

Of these three procedures, the audience generally seemed most interested in the last, which it is evidently no longer fashionable to speak of even as "dismissal" — at least, not when referring to senior staff. Anyone loud enough to call the sack the sack would, of course, be utterly ostracised.

No sadism was betokened by the special interest in this process. The audience was concerned about it as a particularly difficult task which, although distasteful, cannot be avoided altogether. The reason, the conference was told, was that in spite of their strivings to be professional, personnel managers are "all human" and will inevitably make occasional mistakes in recruitment or promotion.

Fallibility, however, is no excuse for indecency. Thus one speaks of the sad process as "termination" or "separation" unless, when hoh-nobbing exclusively with other personnel managers and wishing to appear a trifle daring, one ventures the expression "letting go."

Few appreciate the importance of preserving the finer feelings more than does the conference's expert on terminations, Deryck Sidney, head of the UK TRInc Group, now specialises in swiftly spiriting the newly separated away from their scene of shame to his own office where, in the remarkably short average time of four months, they learn to return to life as executives elsewhere. But he was once himself insensitively separated by a boss who combined the deed with last-minute preparations for his departure on a fortnight's holiday. So Mr. Sidney knows how one can feel.

When he has a say in the matter the ineluctably brutal act of termination is pared to the minimum. As soon as the employer's representative has spoken the dread sentence, the unwanted body is whisked to a THinc consultant waiting in the next room where the terminée is instantly translated into a "candidate."

The purpose of the change of title, I gather, is to establish that the late experience was not really a disaster, but an opportunity.

It is not only those most immediately concerned whose dignity is preserved by such decorousness and insistence on looking toward the bright future. If it were, then it would hardly have become customary for the task of executing a termination to be delegated to an official rather than the highest echelons of the organisation.

No. In fact the terminator must always be mindful of the reputations of superiors. And with these at stake, there is only danger in allowing the terminée to ask unseemly questions.

"I mean: what can you as a personnel director say when a chap asks you why he's being separated?" Deryck Sidney asked rhetorically. "You can't say that, can you?"

Much of the audience stirred apprehensively. To them, it was doubtless as clear as the pin-stripes on their company suits — systematically to reflect positions in the hierarchy — that one does not get to be a personnel director by putting it about that one's chief executive

has frailties such as personal likes and dislikes. That could be taken amount to a terminal offence in itself. Wiser to leave the terminées to infer that the cause must be some incompetence in their work, which they have miserably failed to perceive.

Perched on the platform, I stirred uneasily too. The personnel managers in the audience knew what they had come for. And surely nobody in the world knew better how to supply it than Mr. Sidney and the other speakers, equal experts in the other techniques under review. By comparison, what might I usefully say?

Then it occurred to me that the attitude the conference had been taking towards its topics resembled that of a U.S. Army general depicted in a New Yorker cartoon during the Vietnam War. Facing a critical-looking lady at a cocktail party, the general was obviously replying to some deprecating remark she had made. "Anti-personnel weapons?" he was saying. "Of course we use anti-personnel weapons. But only against personnel; never against people."

Remember what we had been discussing.

First, systematic recruiting in which we had been told, among other things, that it was essential for all who recruit on behalf of a company to behave in accordance with the corporate image. So if one or two of our line managers who take on new subordinates tend in practice to behave somewhat differently from the idealised executive, they must clearly be instructed to keep their eccentricities under wraps at least until the job they are offering is accepted.

When the new executive arrives, he or she must be systematically remunerated in accordance with standing in the company. Such an amount of pay. Such a power of car. Such a degree of assistance with household furnishings and clothes for self and spouse. Help towards fees for children at schools of such an exclusiveness. And so on.

Then something goes wrong — perhaps the newcomer cannot get on with the real manager who has emerged from behind

the corporate image. So we activate the systematic termination.

When we do so, of course, the terminée is liable to interpret it as entailing: the loss of pay, car, house, carpets and curtains. There may even flash into the unfortunate mind a vision of self and spouse standing forlorn in their underclothes — always provided that those, too, were not on loan from the considerate employer — and of children awakening in insolent states in their school dormitory because their trunks and tuck-boxes are standing, packed, at the end of their bed.

It need be only a momentary vision because, as soon as the terminée is transformed into a candidate, the outlook will become one of unexpected opportunity. But there will be a few instants of intense nightmare for even the most optimistic and, dare I say it, conditioned organisation man.

Surely no human being would deliberately risk having to do that to another. But for some people, such a humiliation will be the unavoidable consequence of their employer's installing systems — particular for rewarding managers — of a kind I have outlined.

So if it is true that personnel managers are all human, the only explanation I can see of their being willing to operate such devices is that they believe the systems are being applied only to personnel; not to people.

The managers cannot be blamed for initiating a dehumanising trend of course. The systems grew out of business' wish to free staff from the "actions" interventions of the Chancellor, the Exchequer in his Budget speech a week ago.

But the counterparty adopted by companies do free people. The effect, instead, is to lock them into organisation until it chews them out, so adding to the emotional interventions — quote the Budget speech as — another set of "laws" stand in the way of chance stiller enterprise.

It is time for the perambulating professional to follow the Chancellor's lead by publicly renouncing its part in bureaucratic mania which, years after the first "T.A. Act" was instituted to protect manual workers, is leaving thousands of managers incalculably to "owe their soul to company store."

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Applicants should be qualified accountants whose experience in industry has proven their ability to control diverse functions and to play a positive role in a senior management team. A working knowledge of French would be an advantage.

Please address brief personal and career details to Douglas G Mizon at 57 Chiswell Street, London EC1Y 4SY, quoting reference A136.

All applications will be treated in strict confidence.

Whinney Murray & Co. Turquands Barton Mayhew & Co.

Chief Accountant

c. £8,500 + car Hampshire Coast

Our client — part of a diverse group — provide specialist technical services to the engineering/electronic industry. In this newly created post the Chief Accountant will have initial responsibility for the accounting functions of several group companies and ultimately for the division. He/she will have the freedom to reorganise as necessary the accounting and reporting functions to produce more timely information. It is intended to install a computer in the near future.

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mh Mervyn Hughes Group 2-3 Cursitor Street, London EC4A 1NE Management Recruitment Consultants 01-404 5801

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Investment Accountant	—	Potters Bar	Albany Life Assurance Co. Ltd.
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W For further details, please apply in confidence to Mr. K. G. Baker, Personnel Director, John Willmott Group Limited, Hitchin Road, Shefford, Beds SG17 5JS. Tel: Hitchin 814455.

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Candidates must be qualified accountants and in their mid twenties. They need to be effective communicators and preferably experienced with computers.

For an application form, write in confidence showing how you meet the specification and quoting reference 1651/L, to J. H. Cobb, Peat, Marwick, Mitchell & Co., Executive Selection Division,

165 Queen Victoria Street, Blackfriars, London, EC4V 3PD. Peat, Marwick, Mitchell & Co.

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# Managing Director

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# Development Accountant

## W.C.2

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# AVON

# Financial Controller

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Management Selection - Executive Search

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## Austin Morris

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# ALFRED MARKS STAFF BUREAU



WORLD STOCK MARKETS

30 Companies and Markets

Easier Wall St. trend on oil price worries

INVESTMENT DOLLAR PREMIUM... \$2.60 to \$1.39 (38%) Effective \$2.1082-13% (12%) WITH INVESTORS worrying over expected further oil price increases...

that the economy would slow to ease upward pressure on interest rates. Last week a move to cut the Prime Rate by a point...

Canada Stocks closed mixed overall yesterday following another active business day. However, the Toronto Composite Index lost 3.4 to 1,577.2, dragged down by a sharp reaction in the recently strong Oil and Gas sector...

Paris Helped by institutional buying, stocks mostly gained ground in fairly quiet trading. Brokers said investors were influenced to a certain extent by a Bank of France report...

Switzerland Stock prices were mixed but with a better undertone than a rather low volume. The dollar's fluctuations left the exchange rather confused...

Milan Shares closed firmer-inclined in more active Settlement Day trading. Covering operations took prices higher but active trading in the first part of the session...

NEW YORK Stock market table with columns for Stock, June 15, and June 16. Includes companies like Abbott Labs, AM International, and Amoco Oil & Gas.

Stock market table with columns for Stock, June 15, and June 16. Includes companies like Cooper Industries, Corning Glass, and Crane Co.

Stock market table with columns for Stock, June 15, and June 16. Includes companies like Revlon, Reynolds Metals, and Reynolds & Reynolds.

Stock market table with columns for Stock, June 15, and June 16. Includes companies like Williams Cos., Wecon Elect., and Woolworth.

Stock market table with columns for Stock, June 15, and June 16. Includes companies like Alcan Aluminum, Xerox, and Zapata.

Stock market table with columns for Stock, June 15, and June 16. Includes companies like U.S. Trust, U.S. Steel, and U.S. Savings.

NEW YORK Stock market table with columns for Stock, June 15, and June 16. Includes companies like Amstar, Ampco, and Anheuser-Busch.

Stock market table with columns for Stock, June 15, and June 16. Includes companies like Amstar, Ampco, and Anheuser-Busch.

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Stock market table with columns for Stock, June 15, and June 16. Includes companies like Amstar, Ampco, and Anheuser-Busch.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Last, and Stock. Includes options for ABN C, ABN C, and AKZ P.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Last, and Stock. Includes options for AMO C, AMO C, and AMO C.

BASE LENDING RATES table with columns for Bank, Rate, and Date. Includes rates for A.B.N. Bank, Allied Irish Banks, and Amro Bank.

BASE LENDING RATES table with columns for Bank, Rate, and Date. Includes rates for Hambro Bank, Hill Samuel, and H.C. Hoare & Co.

BASE LENDING RATES table with columns for Bank, Rate, and Date. Includes rates for Hongkong & Shanghai, Industrial Bank of Japan, and Kowloon & Co. Ltd.

BASE LENDING RATES table with columns for Bank, Rate, and Date. Includes rates for London Mercantile, London & Lancashire, and Midland Bank.

TOTAL VOLUME IN CONTRACTS table with columns for C=Call, P=Put, and Volume. Includes totals for ABZ C, ABZ C, and ABZ C.

TOTAL VOLUME IN CONTRACTS table with columns for C=Call, P=Put, and Volume. Includes totals for ABZ C, ABZ C, and ABZ C.

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Indices

NEW YORK - DOW JONES table with columns for Date, High, Low, and Change. Includes data for June 15, 16, and 17.

STANDARD AND POORS table with columns for Date, High, Low, and Change. Includes data for June 15, 16, and 17.

N.Y.S.E. ALL COMMON table with columns for Date, High, Low, and Change. Includes data for June 15, 16, and 17.

MONTREAL table with columns for Date, High, Low, and Change. Includes data for June 15, 16, and 17.

MONDAY'S ACTIVE STOCK table with columns for Stock, Price, and Change. Includes active stocks like ABBAS (K.C. 40), ABBAS (K.C. 40), and ABBAS (K.C. 40).

OSLO table with columns for Date, Price, and Change. Includes data for June 15, 16, and 17.

JOHANNESBURG table with columns for Date, Price, and Change. Includes data for June 15, 16, and 17.

WAGRIAS table with columns for Date, Price, and Change. Includes data for June 15, 16, and 17.

SWITZERLAND table with columns for Date, Price, and Change. Includes data for June 15, 16, and 17.

MILAN table with columns for Date, Price, and Change. Includes data for June 15, 16, and 17.

prices was possible. In Engineering, Demag lost DM 5. KHD DM 2.50 and Mannesmann DM 1.1 while among Chemicals, Hoechst receded DM 1.30...

Australia Markets were mixed yesterday for the Queen's Birthday holiday. The market partially reacted after an initial fresh rise...

Hong Kong The market partially reacted after an initial fresh rise, leaving the Hang Seng index only 2.43 higher on the day at 948.22 following moderate trading.

Germany The market, after last week's good showing, closed mixed to slightly higher following a moderate recovery. Some dealers attributed the negative market mood partly to a statement by West Germany's Economics Minister...

Canada Gold shares eased in places, affected by lower bullion prices, but some issues improved. Diamond leader De Beers shed 5 cents to R\$30 on London selling...

GERMANY Price + or - Div. Yld. June 18. Includes companies like AEG, Allianz-Versich., and BASF.

TOKYO Price + or - Div. Yld. June 18. Includes companies like Asahi Glass, Asahi Photo, and Canon.

BRUSSELS/LUXEMBOURG Price + or - Div. Yld. June 18. Includes companies like ABBAS, ABBAS, and ABBAS.

AMSTERDAM Price + or - Div. Yld. June 18. Includes companies like Alho, Alho, and Alho.

VIENNA Price + or - Div. Yld. June 18. Includes companies like Creditanstalt, Creditanstalt, and Creditanstalt.



COMMODITIES AND AGRICULTURE

EEC urges rise in food aid

By Correspondent
JESSELS-The EEC Commission yesterday announced a 28 cent increase in international food aid contributions...

Another big panish olive crop

WASHINGTON - THE U.S. Agriculture Department said it appears to be heading for a good olive oil crop in 1979-80 season...

Le Nickel cuts prices

BY JOHN EDWARDS, COMMODITIES EDITOR
LE NICKEL, the French-based group, confirmed yesterday that it was cutting its world price for nickel to bring it back into line with other producers...

U.S. sales plan hits sugar

BY OUR COMMODITIES STAFF
WORLD SUGAR values fell back yesterday following an announcement by the U.S. Department of Agriculture that it is planning a sales policy...

Setbacks for Guyana bauxite

BY OUR GEORGETOWN CORRESPONDENT
THE GUYANA mining enterprise (Guymin) recently reported two mishaps which will inevitably have a temporary effect on output...

Coffee down as frost fears ease

BY RICHARD MOONEY
COFFEE FUTURES prices on the London market continued Friday's sell-off yesterday following a weekend of rising temperatures in Brazil...

Thai tapioca mission to visit EEC

BANGKOK - A Thai trade mission will visit the EEC early next week to find solutions to problems arising from the export of tapioca to the common market...

Change of mood over farm policy crisis

BY JONATHAN CARR IN BONN
FOR WEST GERMANY it was a rather unusual occasion. Politicians, academics, representatives of the European Commission, farmers and journalists had all been brought together under one roof to discuss a single problem...

West German farmers to pay more tax

WEST GERMANY'S farming community will have to pay more income tax on an agreement reached yesterday by ministers in Bonn...

BRITISH COMMODITY MARKETS

Table with columns for various metals (Gold, Silver, Platinum, Palladium) and their prices in London. Includes sub-sections for 'BASE METALS' and 'PRECIOUS METALS'.

COCOA

Table showing cocoa prices for various grades (Cocoa Beans, Cocoa Butter) and their market status.

COFFEE

Table showing coffee prices for various grades (Arabica, Robusta) and their market status.

COFFEY

Table showing coffee prices for various grades (Arabica, Robusta) and their market status.

GRAINS

Table showing grain prices for various types (Wheat, Barley) and their market status.

WHEAT

Table showing wheat prices for various grades and their market status.

SILVER

Table showing silver prices for various grades and their market status.

NICKEL

Table showing nickel prices for various grades and their market status.

PRICE CHANGES

Table showing price changes for various commodities including metals, oils, and grains.

RUBBER

Table showing rubber prices for various grades and their market status.

SOYABEAN MEAL

Table showing soyabean meal prices for various grades and their market status.

SUGAR

Table showing sugar prices for various grades and their market status.

COTTON

Table showing cotton prices for various grades and their market status.

MEAT/VEGETABLES

Table showing meat and vegetable prices for various types and their market status.

WOOL FUTURES

Table showing wool futures prices for various grades and their market status.

AMERICAN MARKETS

Table showing American market prices for various commodities including metals, oils, and grains.

EUROPEAN MARKETS

Table showing European market prices for various commodities including metals, oils, and grains.

INDICES

Table showing various financial indices and their values.

MOODY'S

Table showing Moody's credit ratings and their values.

REUTERS

Table showing Reuters market data and their values.

Advertisement for 'Managed Commodity Accounts' by CCST. Includes text about liability, investment, and contact information for Mr. Leslie Clarke.

Advertisement for 'A Guide to Managed Commodity Accounts' by CCST. Includes text about liability, investment, and contact information for Mr. Leslie Clarke.

Advertisement for 'Managed Commodity Accounts' by CCST. Includes text about liability, investment, and contact information for Mr. Leslie Clarke.

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LONDON STOCK EXCHANGE

Companies and Markets

Early falls regained despite trade figure apprehensions and concern over political/inflationary trends

Account Dealing Dates

First Declara- Last Account Dealings tions Dealings Day June 4 June 14 June 15 June 26 June 16 June 28 June 29 July 20 July 2 July 12 July 13 July 24

A report that Saudi Arabia is ready to increase further its crude oil production on a temporary basis in a move to stabilise world oil prices, but is waiting the outcome of next week's OPEC conference, prompted revived firmness in both equities and Government securities yesterday.

Initial concern about the economic outlook and apprehension ahead of today's announcement of the May trade figures imparted easiness in leading industrial shares in the first hour or so of business. But, with underlying sentiment assisted by the Saudi Arabian oil report, a useful rally ensued and final quotations were better on balance. British Funds followed a similar pattern with early losses, ranging to 1, being replaced by rises to half-point at the close. The turnaround in the equity leaders was well illustrated by the FT 30-share index which touched its lowest of the day at 11 am, showing a loss of 3.4, before a close 4.4 higher on balance at 482.9. There was a

little genuine investment demand and the recovery movement owed much to the absence of selling pressure together with a stock shortage.

Elsewhere, South African gold shares made further progress with the aid of American and Continental demand ahead of today's U.S. Treasury gold auction. The easiness imparted late last Friday by the unexpected fresh large call to be made on the large-edged market of £1.8bn in new lap stocks continued at the outset. Quotations began generally lower, but rallied on the Middle East oil report and improved further following the early advance in sterling, although business was regarded as light. Short-dated issues, the market in which is still technically untapped, led the movement and closed with gains extending to 1, while the best rises among the longer terms were established by the recently depressed high-coupon issues.

Southern Rhodesian bonds drifted lower in the absence of any buying interest and the 6 per cent 1978-81 issue closed 25 points down at £116, while the 2 1/2 per cent 1965-70 stock ended two points off at £79. Among Americans, Rockwell International were listed officially in London for the first time and traded at around £21. Institutional demand for

investment currency continued although business overall was much below Friday's high standard. Rates improved to 4 1/2 per cent on buying generated by activity in South African Gold shares before the premium eased slightly to close a net 14 points higher at 194 per cent. Yesterday's SE conversion factor was 0.8586 (0.8912).

A sharp contraction of business in Traded options culminated with a total of only 460 deals completed; this compares with Friday's 1,846 and last week's daily average of 1,054. Grand Met. attracted most interest, recording 115 trades, while Cons. and Spencer marked 89 and 86 respectively.

Hambros jump late A lethargic banking sector was enlivened during late inter-office dealing by Hambros, which jumped 25 to 305p in response to eagerly-awaited preliminary results revealing a strong recovery in the second-half. Elsewhere, the major clearers made modest progress with Lloyds, 235p, and NatWest, 333p, hardening 5 apiece. Still concerned about the trend towards dearer credit, Hires Purchases eased further. Lloyds and Scottish Finance 3 to 12 1/2p and Wagon Finance 3 to 39p.

With the exception of Christopher Moran, which edged forward a penny to 36p ahead of tomorrow's annual figures, insurances ended lower. Royals dipped to 348p and Pearl gave up 6 at 250p.

Leading Breweries traded quietly to close with modest gains. Bass hardened to 211p, while further consideration of the good interim results lifted Arthur Guinness 3 to 181p. Distillers in Amalgamated Distilled Products were suspended at 45p, a 1979 peak, on the news that the company is involved in discussions which could lead to a third party taking a stake in the group. Distilleries were generally slightly firmer and Highland added 4 at 110p.

Leading Buildings steadied after an initial downdrift and settled with little change on balance. Elsewhere, both Brown and Jackson and MDW benefited from weekend Press comment, the former rising 20 to 245p and the latter 4 to 48p. By contrast, occasional small selling left Wilson (Connolly) 4 cheaper at 176p. Thomas Warrington came on offer and shed 5 to 59p, but Bectivebrook Construction 33p, were unmoved by increased annual profits. In Cements, Tunnel B shed 4 to 270p ahead of Thursday's annual results. Marked a penny or so lower at

the outset, ICI and Fisons steadily improved to end 7 apiece higher on balance at 360p and 261p respectively. Other Chemicals, Anchor eased 4 to 73p and William Ransom 5 to 315p.

Fraser up again Undeterred by a reported bid development, Fraser took a further sharp step forward to close the day 15 higher at 189p, after 200p, on persistent speculative buying fuelled by suggestions that Lonrho would soon launch a full-scale offer or sell its near-30 per cent stake in Fraser to another potential suitor; Lonrho hardened a penny to 76p. Elsewhere in Stores, still reflecting the proposed £4m rights issues, Combe English cheapened 2 to 121p, while W. Goodkind, at 45p, lost 5 of the recent good rise which followed news of a large shareholding changing hands. Renewed investment support lifted MFI 8 to 132p and Vantons saw buyers at 124p, up 5. Peters and Status Discount rose 3 to 46p and 48p respectively. In Shoes, Style were sold and closed 6 down at 138p.

Down to 357p initially, GEC picked up well to close 5 better on balance at 367p. Elsewhere in Electricals weekend Press comment attracted buyers to Highland Electronics, which jumped 8 to 66p. United Scientific saw support at 293p, up 7, but falls of 5 were sustained by Cableform, 61p, Electromechanics, 45p, and Pressac, 95p.

A revival of investment demand left John Brown 22 higher at the day's best of 511p, but other leading Engineering shares with only modest gains. British Land 7, a Press favourite, rose 1/2 to 47p. Secondary issues presented a rather mixed appearance. Among the bright spots, Hawthorn Leslie countered fresh support and put on 6 to 79p 1/2, while buying in a limited market lifted Whitehouse 15 to 205p. Occasional interest ahead of Thursday's interim statement left Baker Perkins 3 dearer at 157p. By way of contrast, A. Cohen reacted 10 to 280p and losses of 5 were marked against Babcock and Wilcox, 151p, and British Aluminium, 235p. Disappointment with the annual results brought a reaction of 4 to 147p in Brown and Tawse.

Food ends the session on a firm note after a mark-down of a variety of shares. Decca, Tate and Lyle (interim results tomorrow) firmed 2 to 152p, while Cadbury Schweppes added a penny to 60 1/2p. Among Supermarkets, Press comment high

lighting bid possibilities prompted a gain of 3 to 124p for Cariers, while a small late demand lifted William Morrison 4 to 156p. Awaiting tomorrow's annual results, Tesco hardened 2 to 69 1/2p. Elsewhere, Associated Biscuits firmed 3 to 73p, but United Biscuits eased that much to 84p. Hazlewoods (Proprietary) shed 5 to 54p in a thin market.

Hotels and Caterers featured in Trust Houses Forte which firmed 4 to 160p awaiting today's interim results.

Glaxo better Early nervousness in the miscellaneous industrial leaders ahead of today's trade figures gave way to calmer conditions later and the closing trend was steady to firm. Beecham rallied from an initial level of 533p to 545p, but Glaxo closed 7 to the good at 460p, after 451p. Elsewhere, secondary issues plotted an irregular course. Diplomat Investments improved 3 to 290p in response to Press comment. Vinten rose 5 to 148p as did Jacksons Bourne End in 160p, while Berwick Timpe edged forward a penny to 79p on an investment recommendation.

Afternoon details of the proposed £17m rights issue announced with the interim results left Hanson Trust a penny up at 165p, but small offerings and lack of support brought a fall of 5 to 145p in European Ferries. Henry Boot lost a similar amount to 95p.

Motor Distributors staged a useful rally after their post-Budget malaise, although the rises were often attributed to lack of selling rather than to the easiest of support. Rover featured, rising 5 1/2 to 47p, while Hanger put on 7 at 78p. Gains of around 4 were seen in Lookers, 53p, Harold Perry, 146p and Wadhams Stringer, 391p. Elsewhere, ERF attracted interest and improved 8 to 113p in front of today's preliminary statement.

Properties picked up after a dull start and occasionally closed with small net gains. MEPC ended 2 firmer at 166p and Land Securities finished unaltered on balance at 280p, after 278p. British Land 7, a Press favourite, rose 1/2 to 47p, inspired gain of 3 1/2 at 68 1/2p, but Great Portland Estates, at 296p, gave back 2 of Friday's rise of 12 which followed good annual results. Haslemere eased 4 to 296p and Hammarston 4 slipped to 162p. ERF, awaiting today's preliminary figures, Bradford shed 10 to 390p. Elsewhere, Warnford Investments put on 15 to 420p in a thin market. Quiet conditions prevailed

among leading Oils where an early downdrift was subsequently checked. Net gains of a couple of pence were posted against British Petroleum, 1144p, and Shell, 362p. In secondary issues, increased support was forthcoming for Barnab, which put on 6 to 132p, but Tricentrol reversed an initial gain of 3 to close 3 cheaper on balance at 231p. Oil Exploration added 4 to 276p and Lasso OPS firmed 5 to 740p.

Support ahead of Thursday's half-time results lifted S. and W. Berkeford 10 to 200p. Shipments drifted easier in a quiet business with the exception of Furness Withy, which rose 8 to 293p following KCA's reported attempt to win shareholders' support in its battle for representation on the former's board.

Textiles ended the session with a narrowly mixed appearance apart from Fern-Comatex 4 better at 70p, and Dawson International, 3 up at 111p, the latter following better-than-expected annual profits and a substantial increased dividend payment. In Tobaccos, Siemssen Hunter shed 3 in a very restricted market in close to 70p. A general lack of interest coupled with easier Far Eastern advice and adverse Press comment left Plantations lower across the board. Bertam fell 7 to 183p, while losses of 3 were seen in Muar River, 74p, London Sumatra, 300p, and Sungai Krian, 118p.

Golds advance Although closing a fraction below the day's best level South African Golds registered substantial gains despite the easiest of support. Anglo American firmed 15 to 401p. The Gold Mines index put on 7.2 to 188.2, its third successive rise - and the ex-premium index 5.0 to 164.5.

Prices opened higher, reflecting a surge of American buying late on Friday evening, and continued to move ahead owing to Continental interest. However, towards the close and in the late after-hours trade U.S. profit-taking pared earlier gains to a small extent. Among heavyweights Vaal Reefs were outstanding with a gain of almost a point at £18 after £18. In the medium and lower-priced issues Kloeof and Libanon were particularly wanted with the former finally 40 better at 755p and the latter 54 higher at 722p. South African Financials attracted good support. AngloGold improved around a half-

FINANCIAL TIMES STOCK INDICES Table with columns for indices (Government Sec., Fixed Interest, Industrial, Gold Mines, etc.) and rows for dates (June 18, 19, 20, 21, 22).

HIGHS AND LOWS S.E. ACTIVITY Table with columns for High, Low, and S.E. Activity (Daily Gains, Industrial, etc.) for various sectors.

NEW HIGHS AND LOWS FOR 1979 Table listing new highs and lows for various companies and sectors, including Tesoro Petroleum, Anglo American, and AngloGold.

LONDON TRADED OPTIONS Table with columns for Option, Ex'r, Closing price, Vol., and Equity close for various options.

OPTIONS

Oil, Town and City Properties, Western Mining, London, Grand Metropolitan, Charterhall, Beecham, MFI, House of Fraser, Consol. Gold Fields, Parker Timber, LRC, Westland Aircraft, British Land and Homfray. No puts were reported but double options were arranged in Cons. Gold and BOC.

ACTIVE STOCKS

Table of Active Stocks with columns for Stock, Denomina-tion, No., Closing price, Change, 1979 high, 1979 low.

RECENT ISSUES

Table of Recent Issues with columns for Issue Price, Amount, Date, and Stock.

FIXED INTEREST STOCKS

Table of Fixed Interest Stocks with columns for Issue Price, Amount, Date, and Stock.

"RIGHTS" OFFERS

Table of Rights Offers with columns for Issue Price, Amount, Date, and Stock.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Share Indices with columns for Equity Groups & Sub-sections, Fixed Interest Price Indices, and Fixed Interest Yields.

Dawson International Limited advertisement featuring a large image of a hand holding a pen, with text describing the company's products and financial results.

EUROBONDS advertisement from The Association of International Bond Dealers, providing information on bond quotations and contact details.

Handwritten signature 'Jelly' and other notes at the bottom of the page.



Handwritten Arabic text at the top center of the page.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Unit Tr. Mgrs. (a), Friends Provident Unit Tr. Mgrs, Funds in Court, and others, with columns for name, address, and contact information.

Table listing insurance and property bonds companies, including Minster Fund Managers Ltd., Prof. Portfolio Mgrs. Ltd., and others, with columns for name, address, and contact information.

INSURANCE AND PROPERTY BONDS

Table listing insurance and property bonds companies, including Abbey Life Assurance Co. Ltd., Crown Life Assurance, and others, with columns for name, address, and contact information.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds such as Alexander Fund, Allen Harvey & Ross Inv. Mgt., and others, with columns for name, address, and contact information.

NOTES section at the bottom right of the page, providing additional information and disclaimers.



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BRITISH FUNDS

**Shorts (Lives up to Five Years)**

1979	High	Low	Stock	Price	Yield
98	97.5	97.0	Treasury 3 1/2% 79-82	97.5	13.71
99	97.5	97.0	Treasury 4 1/2% 79-82	97.5	12.84
100	97.5	97.0	Treasury 5 1/2% 79-82	97.5	12.00
101	97.5	97.0	Treasury 6 1/2% 79-82	97.5	11.16
102	97.5	97.0	Treasury 7 1/2% 79-82	97.5	10.32
103	97.5	97.0	Treasury 8 1/2% 79-82	97.5	9.48
104	97.5	97.0	Treasury 9 1/2% 79-82	97.5	8.64
105	97.5	97.0	Treasury 10 1/2% 79-82	97.5	7.80
106	97.5	97.0	Treasury 11 1/2% 79-82	97.5	6.96
107	97.5	97.0	Treasury 12 1/2% 79-82	97.5	6.12
108	97.5	97.0	Treasury 13 1/2% 79-82	97.5	5.28
109	97.5	97.0	Treasury 14 1/2% 79-82	97.5	4.44
110	97.5	97.0	Treasury 15 1/2% 79-82	97.5	3.60

Five to Fifteen Years

1979	High	Low	Stock	Price	Yield
111	100.0	99.5	Treasury 12 1/2% 80-84	100.0	12.87
112	100.0	99.5	Treasury 13 1/2% 80-84	100.0	12.03
113	100.0	99.5	Treasury 14 1/2% 80-84	100.0	11.19
114	100.0	99.5	Treasury 15 1/2% 80-84	100.0	10.35
115	100.0	99.5	Treasury 16 1/2% 80-84	100.0	9.51
116	100.0	99.5	Treasury 17 1/2% 80-84	100.0	8.67
117	100.0	99.5	Treasury 18 1/2% 80-84	100.0	7.83
118	100.0	99.5	Treasury 19 1/2% 80-84	100.0	6.99
119	100.0	99.5	Treasury 20 1/2% 80-84	100.0	6.15
120	100.0	99.5	Treasury 21 1/2% 80-84	100.0	5.31

Over Fifteen Years

1979	High	Low	Stock	Price	Yield
121	100.0	99.5	Treasury 12 1/2% 85-89	100.0	12.87
122	100.0	99.5	Treasury 13 1/2% 85-89	100.0	12.03
123	100.0	99.5	Treasury 14 1/2% 85-89	100.0	11.19
124	100.0	99.5	Treasury 15 1/2% 85-89	100.0	10.35
125	100.0	99.5	Treasury 16 1/2% 85-89	100.0	9.51
126	100.0	99.5	Treasury 17 1/2% 85-89	100.0	8.67
127	100.0	99.5	Treasury 18 1/2% 85-89	100.0	7.83
128	100.0	99.5	Treasury 19 1/2% 85-89	100.0	6.99
129	100.0	99.5	Treasury 20 1/2% 85-89	100.0	6.15
130	100.0	99.5	Treasury 21 1/2% 85-89	100.0	5.31

Undated

1979	High	Low	Stock	Price	Yield
131	100.0	99.5	War Loan 1971	100.0	11.50
132	100.0	99.5	War Loan 1972	100.0	10.75
133	100.0	99.5	War Loan 1973	100.0	10.00
134	100.0	99.5	War Loan 1974	100.0	9.25
135	100.0	99.5	War Loan 1975	100.0	8.50
136	100.0	99.5	War Loan 1976	100.0	7.75
137	100.0	99.5	War Loan 1977	100.0	7.00
138	100.0	99.5	War Loan 1978	100.0	6.25
139	100.0	99.5	War Loan 1979	100.0	5.50
140	100.0	99.5	War Loan 1980	100.0	4.75

**INTERNATIONAL BANK**  
CORPORATION LOANS  
COMMONWEALTH & AFRICAN LOANS  
LOANS  
Public Board and Ind.  
Financial

FOREIGN BONDS & RAILS

1979	High	Low	Stock	Price	Yield
141	100.0	99.5	Antagonista Ry...	100.0	12.87
142	100.0	99.5	Chilean Ry...	100.0	12.03
143	100.0	99.5	Chilean Ry...	100.0	11.19
144	100.0	99.5	Chilean Ry...	100.0	10.35
145	100.0	99.5	Chilean Ry...	100.0	9.51
146	100.0	99.5	Chilean Ry...	100.0	8.67
147	100.0	99.5	Chilean Ry...	100.0	7.83
148	100.0	99.5	Chilean Ry...	100.0	6.99
149	100.0	99.5	Chilean Ry...	100.0	6.15
150	100.0	99.5	Chilean Ry...	100.0	5.31

AMERICANS

1979	High	Low	Stock	Price	Yield
151	100.0	99.5	ASA	100.0	12.87
152	100.0	99.5	Abbott Lab.	100.0	12.03
153	100.0	99.5	Abbott Lab.	100.0	11.19
154	100.0	99.5	Abbott Lab.	100.0	10.35
155	100.0	99.5	Abbott Lab.	100.0	9.51
156	100.0	99.5	Abbott Lab.	100.0	8.67
157	100.0	99.5	Abbott Lab.	100.0	7.83
158	100.0	99.5	Abbott Lab.	100.0	6.99
159	100.0	99.5	Abbott Lab.	100.0	6.15
160	100.0	99.5	Abbott Lab.	100.0	5.31

CANADIANS

1979	High	Low	Stock	Price	Yield
161	100.0	99.5	St. Montreal 3 1/2%	100.0	12.87
162	100.0	99.5	St. Montreal 4 1/2%	100.0	12.03
163	100.0	99.5	St. Montreal 5 1/2%	100.0	11.19
164	100.0	99.5	St. Montreal 6 1/2%	100.0	10.35
165	100.0	99.5	St. Montreal 7 1/2%	100.0	9.51
166	100.0	99.5	St. Montreal 8 1/2%	100.0	8.67
167	100.0	99.5	St. Montreal 9 1/2%	100.0	7.83
168	100.0	99.5	St. Montreal 10 1/2%	100.0	6.99
169	100.0	99.5	St. Montreal 11 1/2%	100.0	6.15
170	100.0	99.5	St. Montreal 12 1/2%	100.0	5.31

BANKS AND HIRE PURCHASE

1979	High	Low	Stock	Price	Yield
171	100.0	99.5	ANZ SA	100.0	12.87
172	100.0	99.5	ANZ SA	100.0	12.03
173	100.0	99.5	ANZ SA	100.0	11.19
174	100.0	99.5	ANZ SA	100.0	10.35
175	100.0	99.5	ANZ SA	100.0	9.51
176	100.0	99.5	ANZ SA	100.0	8.67
177	100.0	99.5	ANZ SA	100.0	7.83
178	100.0	99.5	ANZ SA	100.0	6.99
179	100.0	99.5	ANZ SA	100.0	6.15
180	100.0	99.5	ANZ SA	100.0	5.31

BANKS & HP—Continued

1979	High	Low	Stock	Price	Yield
181	100.0	99.5	Hill Samuel	100.0	12.87
182	100.0	99.5	Hill Samuel	100.0	12.03
183	100.0	99.5	Hill Samuel	100.0	11.19
184	100.0	99.5	Hill Samuel	100.0	10.35
185	100.0	99.5	Hill Samuel	100.0	9.51
186	100.0	99.5	Hill Samuel	100.0	8.67
187	100.0	99.5	Hill Samuel	100.0	7.83
188	100.0	99.5	Hill Samuel	100.0	6.99
189	100.0	99.5	Hill Samuel	100.0	6.15
190	100.0	99.5	Hill Samuel	100.0	5.31

BEERS, WINES AND SPIRITS

1979	High	Low	Stock	Price	Yield
191	100.0	99.5	Allied Brews	100.0	12.87
192	100.0	99.5	Allied Brews	100.0	12.03
193	100.0	99.5	Allied Brews	100.0	11.19
194	100.0	99.5	Allied Brews	100.0	10.35
195	100.0	99.5	Allied Brews	100.0	9.51
196	100.0	99.5	Allied Brews	100.0	8.67
197	100.0	99.5	Allied Brews	100.0	7.83
198	100.0	99.5	Allied Brews	100.0	6.99
199	100.0	99.5	Allied Brews	100.0	6.15
200	100.0	99.5	Allied Brews	100.0	5.31

BUILDING INDUSTRY, TIMBER AND ROADS

1979	High	Low	Stock	Price	Yield
201	100.0	99.5	Alberden Const	100.0	12.87
202	100.0	99.5	Alberden Const	100.0	12.03
203	100.0	99.5	Alberden Const	100.0	11.19
204	100.0	99.5	Alberden Const	100.0	10.35
205	100.0	99.5	Alberden Const	100.0	9.51
206	100.0	99.5	Alberden Const	100.0	8.67
207	100.0	99.5	Alberden Const	100.0	7.83
208	100.0	99.5	Alberden Const	100.0	6.99
209	100.0	99.5	Alberden Const	100.0	6.15
210	100.0	99.5	Alberden Const	100.0	5.31

CHEMICALS, PLASTICS—Cont.

1979	High	Low	Stock	Price	Yield
211	100.0	99.5	Crystalline Sp.	100.0	12.87
212	100.0	99.5	Crystalline Sp.	100.0	12.03
213	100.0	99.5	Crystalline Sp.	100.0	11.19
214	100.0	99.5	Crystalline Sp.	100.0	10.35
215	100.0	99.5	Crystalline Sp.	100.0	9.51
216	100.0	99.5	Crystalline Sp.	100.0	8.67
217	100.0	99.5	Crystalline Sp.	100.0	7.83
218	100.0	99.5	Crystalline Sp.	100.0	6.99
219	100.0	99.5	Crystalline Sp.	100.0	6.15
220	100.0	99.5	Crystalline Sp.	100.0	5.31

DRAPERY AND STORES

1979	High	Low	Stock	Price	Yield
221	100.0	99.5	Archer Dry 10p	100.0	12.87
222	100.0	99.5	Archer Dry 10p	100.0	12.03
223	100.0	99.5	Archer Dry 10p	100.0	11.19
224	100.0	99.5	Archer Dry 10p	100.0	10.35
225	100.0	99.5	Archer Dry 10p	100.0	9.51
226	100.0	99.5	Archer Dry 10p	100.0	8.67
227	100.0	99.5	Archer Dry 10p	100.0	7.83
228	100.0	99.5	Archer Dry 10p	100.0	6.99
229	100.0	99.5	Archer Dry 10p	100.0	6.15
230	100.0	99.5	Archer Dry 10p	100.0	5.31

ELECTRICAL AND RADIO

1979	High	Low	Stock	Price	Yield
231	100.0	99.5	A.B. Electronic	100.0	12.87
232	100.0	99.5	A.B. Electronic	100.0	12.03
233	100.0	99.5	A.B. Electronic	100.0	11.19
234	100.0	99.5	A.B. Electronic	100.0	10.35
235	100.0	99.5	A.B. Electronic	100.0	9.51
236	100.0	99.5	A.B. Electronic	100.0	8.67
237	100.0	99.5	A.B. Electronic	100.0	7.83
238	100.0	99.5	A.B. Electronic	100.0	6.99
239	100.0	99.5	A.B. Electronic	100.0	6.15
240	100.0	99.5	A.B. Electronic	100.0	5.31

ENGINEERING—Continued

1979	High	Low	Stock	Price	Yield
241	100.0	99.5	Allen Wey	100.0	12.87
242	100.0	99.5	Allen Wey	100.0	12.03
243	100.0	99.5	Allen Wey	100.0	11.19
244	100.0	99.5	Allen Wey	100.0	10.35
245	100.0	99.5	Allen Wey	100.0	9.51
246	100.0	99.5	Allen Wey	100.0	8.67
247	100.0	99.5	Allen Wey	100.0	7.83
248	100.0	99.5	Allen Wey	100.0	6.99
249	100.0	99.5	Allen Wey	100.0	6.15
250	100.0	99.5	Allen Wey	100.0	5.31

FOOD, GROCERIES—Cont.

1979	High	Low	Stock	Price	Yield
251	100.0	99			



INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, ICI, and various engineering firms, with columns for stock price, change, and volume.

INSURANCE—Continued

Table of insurance stocks including companies like Royal Indemnity, Commercial Union, and various life insurance providers.

PROPERTY—Continued

Table of property-related stocks including companies like British Land, Anglo-Continental, and various real estate firms.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture, Anglo-Continental, and various asset management firms.

FINANCE, LAND—Continued

Table of finance and land-related stocks including companies like Anglo-Continental, British Venture, and various financial institutions.

NOMURA The Nomura Securities Co., Ltd. Japanese leader in international securities and investment banking. Includes London office address and contact information.

MINES—Continued

Table of mining stocks including companies like Anglo-American, Anglo-Continental, and various mineral extraction firms.

LEISURE

Table of leisure-related stocks including companies like British Leisure, Anglo-Continental, and various entertainment firms.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Leyland, Anglo-Continental, and various automotive firms.

Commercial Vehicles

Table of commercial vehicle stocks including companies like British Leyland, Anglo-Continental, and various truck manufacturers.

Components

Table of component stocks including companies like British Leyland, Anglo-Continental, and various parts manufacturers.

Garages and Distributors

Table of garage and distributor stocks including companies like British Leyland, Anglo-Continental, and various service providers.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Newspapers, Anglo-Continental, and various media firms.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like British Paper, Anglo-Continental, and various media-related firms.

SHIPPING

Table of shipping stocks including companies like British Shipping, Anglo-Continental, and various maritime firms.

SHOES AND LEATHER

Table of shoe and leather stocks including companies like British Shoes, Anglo-Continental, and various footwear manufacturers.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo-American, Anglo-Continental, and various firms from that region.

TEXTILES

Table of textile stocks including companies like British Textiles, Anglo-Continental, and various fabric manufacturers.

TOBACCO

Table of tobacco stocks including companies like British Tobacco, Anglo-Continental, and various tobacco firms.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related stocks including companies like British Trusts, Anglo-Continental, and various asset management firms.

OILS

Table of oil stocks including companies like Anglo-Continental, Anglo-Continental, and various energy firms.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Anglo-Continental, Anglo-Continental, and various international firms.

RUBBERS AND SISALS

Table of rubber and sisal stocks including companies like Anglo-Continental, Anglo-Continental, and various commodity firms.

TEAS

Table of tea stocks including companies like Anglo-Continental, Anglo-Continental, and various commodity firms.

MINES CENTRAL RAND

Table of central rand mining stocks including companies like Anglo-Continental, Anglo-Continental, and various mineral firms.

EASTERN RAND

Table of eastern rand mining stocks including companies like Anglo-Continental, Anglo-Continental, and various mineral firms.

FAR WEST RAND

Table of far west rand mining stocks including companies like Anglo-Continental, Anglo-Continental, and various mineral firms.

FINANCE

Table of finance stocks including companies like Anglo-Continental, Anglo-Continental, and various financial institutions.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo-Continental, Anglo-Continental, and various precious metal firms.

TINS

Table of tin stocks including companies like Anglo-Continental, Anglo-Continental, and various commodity firms.

COPPER

Table of copper stocks including companies like Anglo-Continental, Anglo-Continental, and various commodity firms.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo-Continental, Anglo-Continental, and various other firms.

GOLDS EX-GRATIA

Table of gold ex-gratia stocks including companies like Anglo-Continental, Anglo-Continental, and various commodity firms.

NOTES

Notes section providing additional information and commentary on the market, including details on stock prices and company performance.

REGIONAL MARKETS

Table of regional market data including stock prices and market activity from various international locations.

OPTIONS

Table of options data including call and put option prices for various stocks and commodities.

3-month Call Rates

Table of 3-month call rates for various currencies and markets, showing interest rate trends.

Additional notes and information regarding the options and call rates data, including market commentary and sources.



Tecalemit to care for it



Vent-Axia

The first name in unit ventilation... look for the name on the product.

Hua revises expansion plans

BY JOHN HOFFMANN IN PEKING

CHAIRMAN HUA GUOFENG, the Chinese leader, admitted last night that China had been imprudent in mapping out its targets for industrial development...

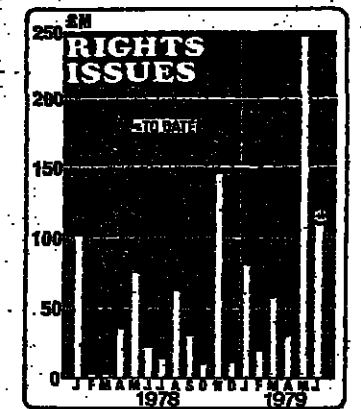
Capital construction would be curtailed, he said, forecasting tight central control on development projects. He called on construction industries to improve the quality of projects, reduce costs and shorten the building cycle...

used internationally to absorb foreign funds. Chairman Hua gave statistics in support of his claim that China's economy was flourishing...

THE LEX COLUMN

Underwriters hold their breath

Index rose 4.4 to 482.9



This is a tense week for the bankers and brokers who make up the rights issue market. The surge in the rate of calls by companies for new money...

Yesterday saw a successful Anglo-Irish rescue act on behalf of the near £12m rights issue launched by Jefferson Smurfit on May 8.

Schroders seemed to be facing an even tougher task last night to salvage the £68m Thomas Tilling issue...

The issue closed yesterday, and having counted—but not yet published—the results the sponsors have a couple of days in which to try to place the surplus shares...

There is a good reason why the sponsors should want to avoid calling on the underwriters if at all possible, because it can lead to a poor aftermarket for many months when too many of the wrong funds are weak holders of the shares...

In these tight conditions the underwriters are likely to try to get the discounts widened in their favour when it comes to future rights issues...

There is certainly no indication that underwriters are going to withdraw their support, although some institutions have been growing restless at the number of companies which have recently raised money for plainly opportunistic reasons...

Companies are usually willing to pay out hefty fees to rights issue underwriters but Hanson Trust yesterday provided a rare reminder that there is another, cheaper way...

The group's industrial services operations have shown good growth, with Interstate included for a full six months. But the agriproducts side had a harder time...

Saudis may raise oil output by 1m barrels a day

BY ANTHONY McDERMOTT

SAUDI ARABIA may be poised to boost its oil production temporarily from July 1 by 1m barrels a day...

Both reports—published in specialist oil journals—appear a week before the Organisation of Petroleum Exporting Countries meets in Geneva next Tuesday...

The authoritative Nicosia-based Middle East Economic Survey said that the Saudis were awaiting the outcome of the OPEC conference...

Saudi Arabia is OPEC's largest producer. It raised its production levels during the first quarter of this year by 1m barrels a day...

barrels a day from its ceiling of 8.5m barrels to meet part of the oil shortage created by the decline in Iran's output...

The level of the latest proposed Saudi production rise—almost certainly leaked to the magazine—is twice that recently mentioned by officials...

While almost all members have been competing in the level of their surcharges on oil, Saudi Arabia has been pressing for a unified price...

The Saudi production increase would go some way to reducing the pressure on the market, but even so an extra 1m barrels a day would only meet about half the global shortfall...

London Oil Reports, quoting reports in Iraq, appears to confirm accounts from the area that production is down in Iran...

tees, production is running at 2.8m barrels a day, about 1m barrels below the level claimed by NIOC...

The reduction reportedly took place two weeks ago, because workers wanted to produce at a lower rate, and because NIOC's management has been unable to persuade these committees to approve the recruitment of foreigners...

Kim Fuad writes from Caracas: Present developments in oil prices are out of the hands of OPEC countries...

At present, our clients, both state and private companies, are trying to obtain all the oil available—and at almost any price...

Lloyd's voting practice attacked

BY JOHN MOORE

A COMMITTEE representing Lloyd's insurance brokers has criticised "undemocratic" voting procedures at Lloyd's...

The criticisms are in an 11-page private letter to a Lloyd's inquiry team headed by Sir Henry Fisher...

Some standing arbitration procedures which are known, understood and accepted throughout the Community should be established...

The committee dismisses the idea that a professional chairman or chief executive should be appointed to run the Lloyd's market...

elections take place with members unaware of them.

"Insufficient attention appears to be paid to ensuring that all members are aware of and able to exercise their full democratic rights."

On settlement of disputes the brokers claim that "the current informal arrangements for internal arbitrations and investigations at Lloyd's are unsatisfactory."

Nevertheless, the ultimate right of recourse to law should not (and indeed, cannot) be denied.

"It seems that meetings and discussions for staff which appeared between December and April in three West country newspapers...

London port plan to ease cash drain

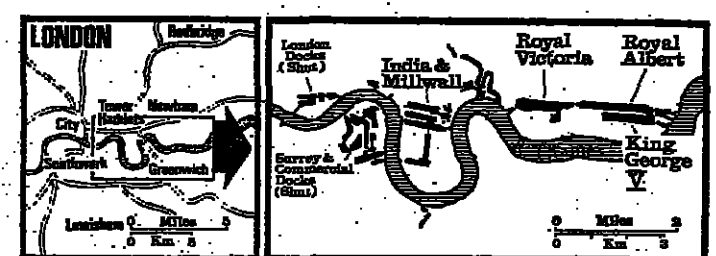
By Ian Hargreaves, Shipping Correspondent

THE PORT of London Authority and the Government are to consider a new plan to relieve the authority of the financial drain of its loss-making upper docks...

Ministers have already been told informally of the idea, which would involve passing ownership of the upper docks to a different authority...

If accepted, the scheme would avoid the Government's having to take an early decision over the sensitive issue of dock closures...

The plan is understood to have support within the PLA, the Greater London Council and the Docklands Joint Committee...



It could form an important plank in the PLA's five-year corporate plan, which is due to be presented to the Government by the end of this month...

The great stumbling block to fundamental change in the last 18 months has been the PLA's insistence that it must close at least one of the up-river dock complexes...

The scheme described to Ministers is for the PLA's upper docks involving almost 1,400 acres, to be transferred to a new authority...

marketing staff, would then work on a redevelopment plan, running down the 3,500 jobs in the docks gradually...

Detailed studies on the cost of the plan have not yet been made. The upper docks were responsible for most of the £17.6m lost by the PLA in 1978...

Mr. Norman Fowler, Transport Minister, is expected to make a statement about the PLA before Parliament's summer recess...

Alongside its corporate plan, the PLA is seeking from its trade unions agreement to second short-term manpower reduction plan...

Discount warehouse faces equality action

BY PAULINE CLARK, LABOUR STAFF

A CORNISH discount warehouse employer is to become the first target of legal action by the Equal Opportunities Commission...

Mr. Michael Robertson, chairman of Trago Mills and associated West Country shopping centres, described the action as "an infringement of liberty..."

The commission is seeking an order under sections 38 and 72 of the Act that Mr. Robertson must treat both sexes equally...

The action against Mr. Robertson, who pays women £3 a day less than men, who are on £14 a day, is based on advertisements for staff which appeared between December and April in three West country newspapers...

He said he would be attacked for being "an ogre" if he started asking his female staff to carry rolls of carpets or boxes weighing a hundredweight or more...

There were jobs that only men could do and it would be wrong to suggest otherwise in advertisements for staff.

He claimed there was no question of his underpaying women who worked for him since he was paying above the going rate for shop workers in the West country.

Post Office to raise \$250m

BY JOHN LLOYD

THE POST OFFICE has turned to the booming New York commercial paper market to raise an expected \$250m (about £125m) over the next few months...

This follows an arrangement made earlier this year with a group of international banks for a 10-year standby credit line worth \$250m...

The sale, which began on June 4, raised \$30m in its first week. The paper is offering interest rates varying between 9.5 and 9.75 per cent...

The venture into the New York commercial paper market—in which companies raising funds borrow from others which have surpluses—is an unusual one for a UK nationalised industry...

Alongside its corporate plan, the PLA is seeking from its trade unions agreement to second short-term manpower reduction plan...

The corporation estimates it will save between £1 and £2m by borrowing in this way compared with the interest it would have paid on borrowing from the National Loans Fund...

The corporation said last night that it was not intent on a rapid sale.

The New York market is also believed to have been impressed by the fact that it was one of the few postal authorities in the world which showed a profit on its operations...

Mr. Carter was obliged to go back to Mr. Brezhnev on Sunday for additional clarification of the Soviet Union's intention not to increase the rate of production of its controversial Backfire bomber...

This was resolved by an amended and expanded Soviet statement on the Backfire accompanying the treaty and emphasising the Soviet commitment not to increase production...

Arms treaty signed

differences between the two countries—over the Middle East, Africa, South-East Asia and human rights—were narrowed.

But U.S. officials said they considered it more important for the longer-term that it had been agreed to hold more frequent bilateral discussions in future...

It also emerged yesterday that the SALT process, apparently wrapped up in Saturday's bilateral session, was not quite as smooth as had been expected.

upgrading of the capabilities of the Soviet aircraft would be tantamount to a violation of the SALT treaty itself.

The Backfire issue is certain to be a major element in a two-page accompanying protocol principally concerned with the development of the Cruise missile and expiring in 1981, 43 pages of explanatory agreed statements and common understandings known as ASCUS...

They cover both qualitative and quantitative, though not large, restrictions on the strategic weaponry of both nations, and, in the case of the Soviet Union, will involve some actual destruction of nuclear missiles and launchers.

Labour Party staff in dispute

BY NICK GARNETT, LABOUR STAFF

THE LABOUR PARTY was confronted with an embarrassing industrial dispute yesterday when its full-time white-collar staff decided to take action over a pay claim.

More than 100 workers represented by the Labour Party's staff joint trade union committee will ban overtime and refuse to service the National Executive Committee and other party bodies...

a one-day strike on June 27 when members of the NEC could face picketing.

Mr. Nick Siegler, secretary of the trade union committee, said the staff had been forced to take industrial action because of the "intimidation" of NEC negotiators.

"The fact that the Labour Party has consistently refused to pay decent wages to all its full-time staff has undermined staff morale and been to the detriment of the service they are able to provide to the party at large," he said.

Mr. Carter was obliged to go back to Mr. Brezhnev on Sunday for additional clarification of the Soviet Union's intention not to increase the rate of production of its controversial Backfire bomber...

This was resolved by an amended and expanded Soviet statement on the Backfire accompanying the treaty and emphasising the Soviet commitment not to increase production...

Continued from Page 1

Weather

UK TODAY MAINLY dry with sunny or bright periods. A little rain in N. Scotland.

London, S. E. and Cent. N. England, Midlands, S. Wales, Channel Is. Dry, sunny periods. Max 24C (75F).

N.W. and N.E. England, N. Wales, Isle of Man, Borders, S.W. Scotland. Sunny periods, becoming cloudy. Max 21C (70F).

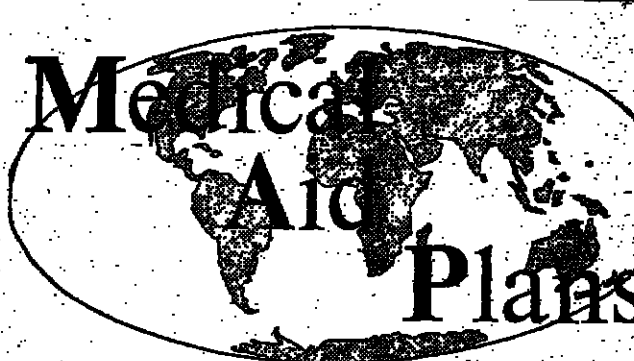
E. Scotland, Glasgow area. Mainly dry, bright periods. Max 19C (66F).

Rest of Scotland, N. Ireland. Cloudy, some bright intervals. A little rain in places. Max 17C (63F).

Outlook: Mostly dry, with sunny periods.

WORLDWIDE

Table with columns for location, day, and temperature. Locations include Alicante, Algiers, Amman, Athens, Bahrain, Barcelona, Beirut, Belgrade, Berlin, Birm., Black P., Brasov, Bucharest, Cairo, Cape T., Casablanca, Chicago, Cologne, Copenhagen, Dublin, Dhaka, Edinburgh, Faro, Florence, Frankfurt, Geneva, Gibraltar, Hanoi, Helsinki, Hong Kong, Innsbruck, Istanbul, Jerusalem, Lima, London, Lyons, Madrid, Manila, Mexico City, Milan, Moscow, Montreal, New York, Nicosia, Omsk, Osaka, Panama, Paris, Perth, Prague, Reykjavik, Rio de Janeiro, Rome, Saigon, Santiago, Stockholm, Sydney, Tangier, Tel Aviv, Tenerife, Tokyo, Toronto, Tunis, Valencia, Venice, Vienna, Warsaw, Zurich.



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